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FINANCIAL TIMES

Japanese banks step up action to rescue Kumagai

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THE Long-term Credit Bank of Japan will send the head of its London branch back to Tokyo to oversee the restructuring of international operations at Kumagai Gumi, the Japanese contractor and property developer, burdened by about Y700bn (\$6.3bn) of debt. The move follows the transfer of a Sumitomo Bank executive to assist in the restructuring of Kumagai's domestic operations. Page 15

italian Socialist's call: The break-up and realignment of italy's traditional political parties came closer after an appeal from Socialist leader Giorgio Benvenuto, who wants to create a new leftwing party with a fresh symbol. He said he would otherwise resign. Page 14; New Bank of Italy governor, Page 2

Japanese killed in ambush: Japanese prime minister Kiichi Miyazawa has called a ministerial meeting today to review the intensifying conflict in Cambodia, where the ambush of a United Nations convoy led to the death of a Japanese police officer and the wounding of three others,

Old-world Danube sanctions watch



Some customs officers enforcing UN sanctions against Serbia and Montenegro on the Danube lack the basic modern equipment to do their jobs. Not only do the Hungarians not possess armed patrol boats, they are also without workclothes. torches, long rods with which to prod piles of grain and even screwdrivers. Page 2

Bundesbank criticised: Germany's six leading economic institutes sharply criticised the Bundes-bank for failing to cut its interest rates quickly and sharply enough to ease the country's recession.

GPA to negotiate? Figureially troubled aircraft leasing company GPA Group is to negotiate with its bondholders after its board discussed new restructuring options. These include a plan aimed at swapping more than \$2bn in unsecured debt into equity. Page 15

RE UK D John Major faces the prospect of a damaging climbdown over the Maastricht treaty after the Speaker of the House of Commons ruled that MPs should be given another chance to vote on its social chapter. Page 14

Water chief's body found: The body of Sir Roy Watts, 67, chairman of the privatised UK water company Thames Water, was recovered from the river Thames in London nearly a week after he disappeared. Page 8

Peking to buy Boeings: China expects to buy at least 47 Boeing passenger aircraft this year at an estimated cost of \$1.6bn, as well as ordering other aircraft such as the European Airbus and the Fokker-100. Page 5

Police race victim: Joginder Singh Prem a 38-year-old Sikh policeman, received £25,000 (\$40,000) from the Nottinghamshire police force in central England for racial discrimination during his 10 years of service. Page 8

ivaco's Chinese venture: Iveco, the commercial vehicle subsidiary of Flat of Italy, is negotiating a loint venture in China to produce light commercial vehicles with Nanjing Motor as part of the expansion of its operations in Asia. Page 5; Ray of light, Page 17

Bass seeks stake: Bass, the British brewer, is negotiating to buy a stake in Prazske Pivovary (Prague Breweries), the Czech Republic's second largest brewer, privatised last year. Page 15

Australia changes TV rules: Australia has again been forced to amend its policy on subscription television, this time to contain embarrassment over the outcome of last week's bidding round for the initial licences. Page 19

Designer (cardboard) homes: A Dutch housing association said it planned to give specially designed cardboard boxes to Rotterdam's homeless. More than 1,000 people sleep rough in Rotterdam.

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West poised to pour billions of dollars into Russia

By Edward Balls and John Lloyd in Moscow

THE Group of Seven leading industrial countries is prepared to start putting billions of dollars into the Russian economy in the next two to three months to shore up the economic reform movement, according to senior G7 officials.

tackle the crisis with painful decisions, including allowing unemployment to rise to several millions as credits to state enter-

The G7 is assuring the Russian government that funds will be released if it is clear that "appropriate" policies have been adepted - not, as last year, that they must first fulfil a series of targets on inflation and on the budget deficit which have proved impossible to meet. The barrier of "conditionality"

imposed by the International However, the Russian government must show it is prepared to substantially lowered by a political decision of the G7 to support President Boris Yeltsin. A senior G7 official said aid

could start flowing as early as the end of this month if the pace

of reform were accelerated. "If Mr Yelstin is prepared to be bold now then there is no reason why the aid should not flow by the end of May," he said.

But the continuing political struggle within and around the Russian government makes it unclear if even less strict criteria can be met. Professor Jeffrey Sachs, senior

foreign adviser to the Russian government, said that "it's a valid question as to whether actions will follow the referendum. The government does have to demonstrate that it has control, especially since without a strong central bank it's hard to have confidence. I believe they will but it's a legitimate worry". Professor Stanley Fischer of the Massachusetts Institute of Technology and an adviser to the World Bank added: "It is important for the West to be seen to be

helping in a major way. But at

say that there has been no prog-ress and stop the money," he The direction of economic reform continues to hang in the balance. Reformers have been buoyed by signs that Mr Yeltsin

pursue reform, to promote reformers and sack conservatives. But they have also been disappointed by lack of movement to date and by the appointment of Mr Oleg Soskovets, a for-mer industrial manager and minister without a track record for reform, as a first deputy

some point the west may have to prime minister. Western officials listed four key conditions which should be met before funds can be released.

 strict credit limits • significant reductions in all last week committed himself to

a rise in interest rates

 a viable budget programme consistent with low inflation

The funds at issue are mainly from the IMF, which sends a team of senior officials to Moscow today to begin negotia-tions on disbursement. The first half of a \$3bn "systemic transformation facility", to be used to support the budget, is likely to be agreed soon after the IMF offi-cials report back to Washington. A larger sum, the \$4.1bn

stand-by fund which has been available for over a year, could begin to be disbursed by the summer, according to the senior G7

France and US agree peace tactics fight over for Bosnia

By David Buchan in Paris and Robert Mauthner in London

THE US and France yesterday agreed that a large United Nations peacekeeping force must be sent to Bosnia rapidly if the Bosnian Serb assembly approves an international peace plan at its meeting today, but made no final decision on what action to take if the plan was rejected.

After falks in Paris with Mr Warren Christopher, the US secretary of state, Mr Alain Juppé, the French foreign minister, claimed there was "a broad convergence of views" between Paris if the assembly rejected the plan. In that event, "new measures will have to be taken, and nothing is excluded," Mr Juppé said in an apparent reference to US ideas on air strikes against Bosnian Serb supply and other military targets. He seemed to concede that military threats

constituted useful pressure on the Bosnian Serb parliament's meeting, even though France would clearly be most reluctant to see its 5,500 force of peacekeepers in former Yugoslavia put at risk by air attacks. Similar views are understood

to have been expressed by Mr John Major and Mr Douglas Hurd, the British prime minister and foreign secretary, at a meeting with Mr Christopher at Chevening, near London, on Sunday. Mr Major was due to meet Mr Edouard Balladur, the French prime minister, in London last night for further co-ordination of British and French policy on Bos-

Reports from Pale, the seat of the Bosnian Serb assembly, suggest its members are split over whether to endorse the peace

plan signed by their leader, Mr Radovan Karadzic on Sunday, in spite of thinly veiled warnings by western powers that they risk bombing raids if they reject it.

There are no signs on the ground that the Bosnian Serbs are prepared to implement a ceasefire ahead of their assembly's decision. Bosnia's Moslemled government yesterday ac-cused Serb forces of launching a flerce artillery attack on the enclave of Zepa, in the east of the country, and called for an urgent meeting of the UN Security Council to discuss measures to save the besieged town.

Zepa, one of the last two Moslem strongholds in eastern Bosnia, was "literally in flames", after Serb armoured units opened fire at dawn. A Moslem amateur radio report said Serb fighters had broken through Moslem forward defences and were burning villages, but UN officials said they could not verify the report.

In a letter to the UN Security Council president, Mr Yuli Vorontsov of Russia, President Alija Izetbegovic of Bosnia urged the Council to declare Zepa a UN protected area and to send a company of UN troops to "defend" it and the civilian population. A similar step was taken recently to save the besieged town of Srebrenica from Serb occupation.

Meanwhile, plans for a large multinational peacekeeping force of up to 75,000 men, including UN forces already in Croatia and Bosnia, to implement a Bosnian peace agreement once it has been finally endorsed, are due to be ed by Nato's military committee in Brussels today.

Sanctions watch on Danube dances to old-world tempo, Page 2 26 per cent for metal and engi-

IG Metall

Union to intensify east German strikes if contract not reinstated

boss vows to pursue wage rises

By Judy Dempsey in Rostock

MR Franz Steinkühler, head of IG Metall, Germany's powerful engineering union, yesterday vowed to intensify strike action in the former East Germany if employers do not reinstate a previously agreed contract. "We do not want eastern Ger-

man workers to remain poor, a mezzoglorno," he told the Finan-cial Times. "We do not want the employers to break the tradition of collective wage bargaining in eastern Germany, and then later, in western Germany," he added. Earlier this year, employers cancelled the March 1991 contract with the union which would have equalised eastern and western wages by 1994. They did so

the east, which in the metal, engineering and steel sector, is lagging behind western Germany by about 70 per cent. "There are some industries take Opel, the new car plant, for example - which have higher productivity than in the west. But the issue is not an economic one," said Mr Steinkühler. "It is a

Germany and low productivity in

trial policy for the region."

Mr Steinkühler dismissed the argument that a low wage economy might help make the eastern German economy competitive by attracting more investment.

political one. We need an indus-

"And what would low wages do? The younger generation and skilled workers would migrate westwards. Stemming migration was one of the reasons why we signed the contract in 1991. Thousands of people were leaving each month. We cannot allow that to happen again. People must have a perspective. They must have a reason to stay," he

In any case, Mr Steinkühler explained, this year's pay rises of



longer, holidays shorter and benefits fewer in eastern Germany. Eastern wages, in reality, are about 60 per cent of western German levels. "Why should they pay west German prices with east German wages."

he asked Mr Steinkühler is on a whistle-stop tour of the five east German states to coincide with the first official strikes held in the region since 1933. Yesterday, he told stevedores in Rostock that they had the freedom to strike and defend their rights. The last The small crowd of workers

were subdued as they listened to Mr Steinkühler. Some were uncertain if they were striking to force the employers to reinstate the contract, protesting against the fear of unemployment; or striking to make sure they would receive higher unemployment benefits if they lose their jobs.

Despite the response, Mr Steinkühler said be was prepared to ballot on May 10 the metal and electrical workers in the three remaining states of Saxony-

neering workers and 21 per cent time they tried was in 1931. Two Anhalt, Thuringia, and Berlinfor steelworkers do not take into years later Hitler banned strikes, Brandenburg. But if some enteraccount the fact that working and the communists followed suit prises agree to pay wage rises as will ask these factories to sign individual contracts with the union. Other officials hinted the union might be prepared to post-pone the timetable towards income parity, but in no way would this year's wage increases be compromised.

Whatever the outcome, Mr Steinkühler is convinced that workers in eastern Germany will no longer be afraid to strike.

Economic institutes attack Bundesbank, Page 14

Decline in US leading index prompts warning on recovery

By Michael Prowse in Washington

THE US recovery is "not solid". the White House warned yesterday, after the index of leading indicators posted its sharpest fall since the official end of the reces-

sion two years ago. The commerce department said the index, which is designed to give advance warning of economic trends, fell 1 per cent between February and March, more than expected in financial

President Bill Clinton said the figures reinforced the case for quick enactment of his deficitcutting bill. Keeping the deficit down was the best investment government could make and the best route to lower interest rates,

TV and Radio

UK News :-

White House press secretary. blamed slower US growth on "worldwide economic softness" and lack of investment during the past 12 years of Republican

The sharp fall in the leading index followed a rise of 0.5 per cent between January and February. Nine of 11 components of the index fell, led by a drop in permits for home construction, an increase in claims for state unemployment insurance and a

shrinkage of the average working Ms Gail Fosler, chief economist at the Conference Board, a New York business analysis group, said growth would decline to an annual rate of only 1 per cent in

he said. Ms Dee Dee Myers, the per cent in the first quarter and White House press secretary, 4.7 per cent at the end of last

The second quarter slowdown would reflect companies' efforts to run down inventories built up in recent months as a result of falling demand. Growth, however, was likely to recover in the second balf of the year.

The fall in the leading index follows a report on Monday of a sharp fall last month in the Purchasing Managers' Index, a barometer of conditions in manufacturing industry.

Analysts will closely scrutinise employment figures, due on Friday, for evidence that weakness in the first quarter carried over

Lex, Page 14

the second quarter, against 1.8 CONTENTS Traditional Cotions. Foreign Exchanges ... _37-40 Walt Street Equity Options Водитесь -_32-36 Menaged Funds .

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LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO

Fazio to become Bank of Italy governor

as the potentially-explosive trial opened

in a small basement room of the North

Rhine Westphalia court, writes Ariane

masterminded one of the most successful

Ukraine says Russia is violating

CIS accord on nuclear weapons

Chrystia Freeland

and Andrew Gowers

on the struggle over

control of parts of

the former Soviet

ownership of the

Black Sea Fleet

ing by the CIS agreement."

nuclear arsenal and

defence controls all the nuclear weapons

in all the former Soviet republics," said

We are the only republic that is stick-

The defence minister said this arrange-

ment was plainly unsatisfactory and that

western security would be better served if

Ukraine had the practical capacity to

block the use of nuclear weapons on its

soil, rather than the purely political veto it

For a long time these weapons have

is permitted under its accord with Russia.

been aimed at the US. In my view it would

thus be convenient for the world if

Ukraine had technical control over the

non-use of these weapons," he said. It would be "technically possible," he added, for Ukraine to acquire such capacity uni-

laterally, although it had no current inten-

President Leonid Kravchuk has consis-

The man who for three decades

spy networks of the cold war era, is

Genillard in Düsseldorf.

By Robert Graham in Rome

THE governing board of the Bank of Italy yesterday broke with tradition by naming Mr Antonio Fazio, the deputy director general, to take over as governor from Mr Carlo Azeglio Ciampi, who last Monday agreed to become prime

The prestigious post to head the central bank, endowed with all the authority to act independently, has been assumed throughout the postwar era by the director-gen-

Anger at

criticism

proposals

ITALY'S new industry

minister yesterday reacted

angrily to a critical European

Commission analysis of the

restructuring plan prepared for

Ilva, the loss-making state-con-

Mr Paolo Savona told fellow

EC industry ministers that Brussels seemed prejudiced

against a plan which had only

His call for more sympa-

thetic treatment was backed by Mr Claudio Aranzadi, the Span-

ish minister, whose plans for restructuring of the Spanish

steel industry have still not won Commission approval.

Yesterday's stand-off was

probably only a foretaste of the

fierce debate to come in July,

when ministers will have to decide unanimously on the fate

of both state subsidy plans.

They will also vote then on

German proposals for the rescue of Ekostahl, the east Ger-

man producer, which were

turned down by the Commis-

tion commissioner, warned

member states vesterday that

Brussels would stick to a con-

sistent and tough line on state

subsidies to national steelmakers, to avoid undermining the

overall EC plan for supporting

He estimated that the new

Ilva plan would involve the

payment of some Ecu4bn

(\$4.9bn) in state aids, mainly

relating to the write-off of an

estimated L8,500bn (\$5.6bn) of

debt. He said subsidies on such

a scale would have to be offset

by capacity cuts of up to 3m

IRI, the Italian state holding

company which controls flva,

argues that the new plan

involves no state aid, and that

the "new" steel company it

plans to create should not be

Ministers agreed a statement

saying they were "encouraged"

by the important steps already

taken to support the EC indus-

try, which include attempts to

stabilise the Community mar-

ket and protect it from cheap

Demirel bids

for Turkish

presidency

TURKISH prime minister Suleyman Demirel yesterday

formally announced that he

would stand as a presidential candidate in the first parlia-

mentary bailot due on May 8, writes John Murray Brown

The main opposition Mother-

didate today.

If Mr Demirel is elected, his

True Path party, DYP, which is

the largest party in parliament,

would have to choose a new

leader within 45 days.

from Istanbul.

non-EC imports.

subject to production cuts.

Mr Karel Van Miert, competi-

sion last week.

the industry.

been submitted on Friday.

trolled steel producer.

of Ilva

Dini. aged 62, director-general since 1979, has been passed over in favour of the 56-yearold Mr Fazio, the number three in the bank's hierarchy.

Mr Dini will continue in his present role at least until the bank's four-man directorate is made known. This will probably be before the governor's annual statement on May 31. But Mr Dini's long-term position in the bank has been complicated by Mr Fazio's promotion, and the authorities might well seek a prestigious interna-

Markus Wolf (centre), former head of

the East German spy apparatus, is

espionage and bribery.

nian independence.

surrounded by journalists yesterday as he arrives at a Düsseldorf court

Mr Wolf later rejected the charges

building to stand trial for alleged treason,

UKRAINE's defence minister has accused

Russia of violating an agreement among

former Soviet republics on the control of

nuclear weapons and of using its forces

stationed in his country to subvert Ukrai-

In a rare interview, Gen Konstantyn

Morozov said the nuclear weapons in

Ukraine, Kazakhstan and Belarus were

now under the direct control of Russia's

defence ministry rather than under the

joint command of the Commonwealth of

This, he said, was contrary to an agree-

ment signed by members of the CIS in

Alma Ata, the Kazakh capital, when the USSR collapsed in December 1991.

Gen Morozov's comments mark a signifi-

cant worsening in Ukrainian-Russian rela-

tions. They raise the prospect of an inten-

sifying struggle between Kiev and Moscow

both over control of parts of the former

Soviet nuclear arsenal and over the owner-

ship and location of the Black Sea Fleet,

which have been in dispute for nearly two

The tenor of his comments also confirms

that Ukraine is becoming increasingly

unwilling to give up the 176 inter-conti-nental ballistic missiles and nuclear-armed

strategic bombers on its territory while its

strategic arms limitation treaty and in

acceding to the nuclear Non-Proliferation Treaty has soured its relations with the

west and threatens to upset the entire

"Currently the Russian ministry of

conflict with Russia is unresolved. Ukraine's delay in ratifying the Start 1

international disarmament process.

Independent States, the ill-defined succes

sor body to the Soviet Union.

tional posting for Mr Dini who Mr Ciampi has long worked in 1986 was considered as a possible successor to Mr Jacques de Larosière, to head the International Monetary Fund.

The choice of Mr Fazio, the bank's most outstanding economist, was welcomed by most political parties. His appointment must be approved by President Oscar Luigi Scalfaro and the cabinet. However, Mr Ciampi had a clear hand in his successor and the former governor is understood to have coordinated closely with the president on the matter. Though

closely with Mr Dini, their approach has never been in complete harmony. By pressing to have a succes-

sor chosen so quickly, Mr Ciampi has signalled that he has no intention of keeping the governor's seat warm but empty while he heads a brief transitional government.
Instead this non-parliamen-

tarian called on to be prime minister has shown he intends to make a clear division between this role and an independent Bank of Italy.

nor had held the post since have caused major problems of 1979 and had made it known he was anxious to retire. He even offered to resign last September during the currency crisis. Moves by Mr Giuliano Amato, the former prime minister, to find a replacement were blocked by the Christian Democrats who feared Mr Dini was

being passed by.
Inside the bank, the only other serious candidate was Mr Tommaso Padoa Schioppa, the 53-year-old number four in the directorate. His choice over the

cused of treason against West Germany

and of corrupting West German officials.

But in a well-crafted speech, Mr Wolf argued that the courts in West Germany

could not judge actions committed under

1 and accede to the NPT as a non-nuclear

state. But parliament has yet to hold a

formal debate on these issues, and pro-nu-

clear sentiment is growing as Ukraine

comes under increasing pressure from the

The Russian parliament insists it will not ratify the Start 2 arms control accord

signed by Presidents George Bush and Boris Yeltsin in January until Ukraine ful-

On the Black Sea Fleet, Gen Morozov

He accused Russia of using the fleet,

said negotiations were going "very badly".

stationed in Sebastopol in Crimea, to

siphon off Ukrainian assets and politically

to destabilise the region, to which Russia

"By politicising the Black Sea Fleet

issue, it [Russia] is making the situation in

the entire Crimean peninsula more acute," he said. "It is my view that Russia is

trying to use its presence in Crimea to exert pressure on the government in Kiev

Gen Morozov said if Russia would not

"If Russia insists on maintaining a pres-

agree rapidly to a division of the fleet,

then he would demand that Moscow

ence in Sebastopol, Ukraine cannot accept

this position," he said. "I will demand the

withdrawal of all ships of the Black Sea

Fleet as a foreign army, and we will build

our own fleet, although this would be a great loss. We cannot give part of our

territory to another power under any cir-

remove it in its entirety from Ukraine.

has asserted territorial claims.

over Ukrainian independence."

west and Russia.

fils its commitments.

the laws of a then East Germany, which

management reorganisation and the Christian Democrats regarded him too much of a lay candidate.

Mr Fazio, a devout Catholic, studied at the Massachusetts Institute of Technology under such illustrious figures as Modigliniani and Samuelson. Considered a moderate Keynesian, his career has been inside the bank since 1963

He was responsible for drawing up the bank's first econo-

Naples is bankrupt with debts of \$1.4bn

THE city government of Naples, blighted by a widening corruption scandal, has declared itself bankrupt with an estimated \$1.4bn in debts, Reuter reports from Naples.

Following a proposal by Mr Nicola Mancino, interior minister, Italian President Oscar Luigi Scalfaro is to appoint a commission to run the city's finances, after the southern port city's council voted to declare itself bankrupt.

Investigators have claimed that city councillors from several parties, including the Christian Democrats and Socialists, financed their electoral campaigns with kickbacks on public works contracts for the World Cup soccer finals in 1990.

A dozen members of the city council are under investigation in the scandal. Police yesterday said they had arrested Mr Ferdinando Clemente, a former president of the local regional

Nearly half the city's debt is expected to be covered by the central government. The coun-cil hopes to recover the rest by various means, including an appeal to the Napoli soccer club to pay an estimated

Aid sought by Czech employers

By Patrick Blum in Prague

THE CZECH government should do more to help foster companies' competitiveness, rather than focus primarily on macro-economic stability, the Czech Employers Confedera-

tion says. Mr Rudolf Baranek, the confederation's chairman, says companies face growing problems because of a decline in exports, poor production structures and marketing.

The end of the currency union with Slovakia, together with import restrictions into the EC, have also exacerbated their difficulties. Employers are worried, too, by the rapid growth of wages, which they say outstrips improvements in productivity.

• The National Bank of Slovakia revalued the Slovak crown by 3 per cent against the clearing Ecu set up to regulate trade with the Czech Republic.

German waste exports bury the neighbours

By David Gardner

GERMANY is coming under increasing pressure from its EC partners over its ambitious waste recycling legislation, which many of them believe is stifling their own recycling

Germany does not have the processing capacity to deal with the quantities of waste packaging that has to be collected and recycled. As a result, German waste material is being exported to other member states, often with a subsidy, and occupying capacity which is inhibiting the development of indigenous recycling efforts. Britain, backed by France

and Spain, submitted a formal complaint at yesterday's meet-ing of EC industry ministers, calling on the European Commission to act. The Netherlands, Italy, Ireland and Luxembourg echoed the complaint. Environment ministers

decided in March to set up a working group to examine the industry in the light of the German waste laws. But the UK is now arguing that unilateral leaps forward in environmental policy can slow the advance of "green" standards in the EC as a whole, and going it alone can create dis-

The British document says its plastics recycling sector, still in its infancy, is getting German material "at zero cost and delivered free of charge, or in some cases with an incentive payment of up to £300 per tonne". UK imports of plastic waste rose 450 per cent last year compared with 1991, and the organisation set up by the British plastics industry to collect material cannot compete, the document says.

In the more developed recycling industry for paper and board, the UK says its recyclers cannot compete against subsidised imports from Germany. It claims "this was a major contribution in 10 per cent of UK paper and board manufacturers in the packag-ing sector being forced out of business in 1992."

The pressure appears already to be having some effect inside Germany, where the Bundesrat has concluded that 70 new incineration units will be neded to deal with the waste

is of

set Olli

Drop in French investment seen

By Alice Rawsthorn in Paris

BUSINESS confidence in France has deteriorated since the start of the year, according to Insee, the state statistics institute.

The new centre-right govern-ment had hoped recent interest rate cuts might encourage investment. But the Insee survey suggests confidence is so weak that industrialists will lower investment by a further 9 per cent this year, following Reductions are expected to

last year's 10 per cent cut. 14.2 per cent fall in output in the first quarter, and a 16.4 per cent drop in exports. The con-

expected to be badly hit. France's first-quarter growth figures, due soon, are expected to show a real decline in gross domestic product. This would

be the second successive quar-

ter of negative growth. The state-controlled Banque Nationale de Paris yesterday predicted "poor economic results" for the first quarter, with negligible growth for the

It forecast a slight improvement in domestic confidence by the end of the year, but be deepest in the motor indus-try, which yesterday reported a continue to be depressed by warned that exports would the strength of the franc and weak demand elsewhere in

Press will benefit from privatisation

By David Buchan in Paris

FRENCH state companies due for sale will have to place "at least half" their privatisation publicity budgets with the press, to boost newspapers' falling advertising revenues.

This commitment was made to press proprietors yesterday by Mr Alain Carignon, the new communications minister, who also promised a FFr200m (\$37m) "support fund" to prevent certain ailing publications from disappearing. These include the Quotidien de Paris, which braved a national strike last week only to warn its readers it was about to go bank-rupt, and l'Humanité, the Communist party newspaper. Asked about the irony of a

conservative government say-

ing a Communist paper. Mr Carignon's spokeswoman said yesterday: "We need to find out what's going in that section of opinion.

The conservatives' last sell-off of companies in 1987 proved a boon for the press, which received 63 per cent of the privatisation advertisements. But the share of ordinary publicity going to newspapers fell to 51 per cent last year. Economic recession and competition from television have caused press advertising revenue to fall by a third in the past two years.

Last year the Socialist gov-ernment also stopped newspapers from carrying tobacco and alcohol advertisements. Mr Carignon said he would hon-

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Commission to draw up strategy for jobs creation co-operation • using the unemployed to fill He has already won Commisbetween employment and sion approval to reform the EC

Editorial Comment, Page 13

land party (Anap) said it would announce its presidential can-

THE European Commission is to draw up a Community-wide jobs plan to match and back the modest EC growth initiative agreed at last December's Edinburgh summit.

In the interim period, Mr Erdal Inonu, the leader of the The main object is to create a more coherent job-creation framework for what member SHP, the coalition's junior states - who have virtually partner, would be likely to take sole jurisdiction in this area -

ideas for dealing with growing structural unemployment.

The Commission is expected to prepare a plan for June's council of social affairs ministers, after employment ministers promised their backing at an informal meeting yesterday in Copenhagen. The preliminary ideas

endorsed

cut labour costs; initiatives for bringing force: by ministers

 identifying ways to promote new jobs, new types of job, and

more women into the labour strengthening training, for the employed and jobless;

Sanctions watch on Danube dances to old-world tempo

break for lunch - began to

finance ministers, and promo-

tion of successful national

measures across the EC;

in for those under training. Mr Padraig Flynn, social affairs commissioner, told ministers that "in many people's minds, the Community is part of the unemployment problem, rather than part of the solu-

some Ecu6bn (\$7.32bn) a year on training for the long-term and young unemployed. Under the reform, which needs the approval of the Twelve, part of tion". This had to be turned these funds would be aimed at around. "We need to be seen to retraining workers still be putting together national employed in industries which actions within some common are restructuring. However, the latest initiative Community framework."

takes Brussels' activism on the Community's 17m jobless con-Social Fund, which spends siderably further. One senior official, expressing mild sur-prise that the Twelve were going along with it, said that "these ministers are on the rack, and looking around for things that work well". He added: "There is obviously scope for making better use of resources, including national

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By Nicholas Denton in Budepest

"THEY HAVE no lamps, they have nothing. There is just one screwdriver which must be 50 years old. I told them they could send it to a museum, says Mr Jens Bakkensen, EC observer at the Hungarian

river port of Mohacs. The customs post itself has the air of a museum piece.

Baked in the unseasonally hot sun, it looks like nothing has happened in the four centuries since an invading Turkish army destroyed the Hungarian king and nobility at a hattle near the spot in the 16th

century. in April, 300 shipments

passed through, but the flow has almost dried up. In the first few day of May, it has been reduced to one shipment

With only one uniform each, customs officers on the Danube upstream of Serbia prefer not to root around in holds to enforce western sanctions. The EC's sanctions assistance mission is waiting for a truck from Britain to deliver overalls and

basic equipment. In the meantime, the Hungarians are without workclothes, torches, long rods with which to prod piles of grain, and even screwdrivers.

Nor do the Hungarian authorities possess armed

What if a ship was determined to cross into Serbia and ignored the little "stop" sign at the river bank? It has never yet happened, the Hungarians

Even so, the Hungarian government is reluctant to accept the West European Union's offer of patrol boats. Budapest is also dragging its heels on implementing the lat-

est UN resolution tightening up transit through Serbia. Next door, on a riverside restaurant terrace, boatmen, customs officers and EC monitors take a break to eat the local spicy fish soup and drink a glass of wine or something

stronger.



Ukrainian boat's six attendant Hungarian officers - after a barges and the cargo of steel for the Mideast and Austrian search the Zvezdnyy, the wheat for Uzbekistan.

On one of the Zvezdnyy's barges the Hungarians test der is sealed. Each barge can whether rolls of steel coil are genuine by picking up iron pellets left over from a previous trip, dropping them against the giant cylinders below in the hold and listening to the tone of the clang.

What sanctions violations have been discovered are exports from Serbia rather than imports into the country. The Mohacs post found two barges full of maize whose official provenance was Bosnia-Hercegovina but in fact was Serbia. Serbia might need food, accepts Mr Bakkensen, "But they also need money."

Although there is little evidence of smuggling, there can

be no guarantees that the borcarry as many as 50 lorries and each ship can push or pull as many as a dozen barges. The Zvezdnyy drove a relatively modest number. Even so, the Hungarian customs entered only one of the barges and broke into only one out of hundreds of cases of steel sheet

The sanctions enforcers could only have the reassurance of Mr Valentin Trishin, the big-bellied Ukrainian captain of the Zvezdnyy. He gave a gold-toothed beam, pointed down the Danube towards the border and the ruined town of Vukovar beyond, and gestured: "Serbia, straight through."

Paraguayans have first free say in 182 years

LECTIONS in Paraguay used to have only one serious contender. General Alfredo back any candidate rather than Mr Wasmosy. Stroessner ruled Paraguay with an iron fist for 35 years but was ritually "re-elected" in polls that were neither free nor fair.

The Stroessner era ended in 1989 when his former right-hand man, General Andres Rodriguez, toppled him in a military coup. To the surprise of many, Gen Rodriguez has kept his promise of bringing democeral de b racy to Paraguay - a country ruled by generals and dictators since independence from Spain in 1811.

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Mr Rodriguez promises that the

Furthermore, an unending stream of reports in the unshackled press about political repression during the Stroessner years and corruption under Mr Rodriguez has further darkened the reputation of the Colorados and the military.

Opinion polls put two opposition candidates in the lead. Mr Domingo Laino, veteran opponent of the Stroessner regime and candidate of the Authentic Liberal Radical party is running neck and neck with Mr Guillermo Caballero Vargas, an indegeneral election on Sunday will be pendent pro-business candidate of

John Barham reports on the election

free and fair. He was himself confirmed in power in a reasonably clean snap election months after the 1989 coup. Mr Rodriguez, who is constitutionally barred from standing. has repeatedly stated in public that he will respect the result of the election for president and for congress.

even if the opposition wins. The likelihood of an opposition victory is less remote than once seemed possible. The formidable electoral machine of the Colorado party - which, together with the army, has run Paraguay for almost 50 years – is split and demoralised. Its lacklustre candidate for president, Mr Juan Carlos Wasmosy, is lagging in the polls. Mr Luis Maria

Argana, his opponent in a bitter pri-

Encuentro Nacional, a coalition

grouping. None of the three leading candidates would be expected to make any radical policy shifts. Mr Wasmosy pledges continuity. Mr Caballero would take a more pro-business line. Mr Laino wisely promises to avoid antagonising the armed forces.

The government has not been helped by a mixed economic record. Despite its free-market policies, last year the economy grew only 1.7 per cent. This year things are looking up, with stronger export prices and forecasts of 4 per cent growth.

All this has not gone down well with the armed forces or the Colorado party. Gen-Lino Oviedo, commander of the 1st army corps, which



Stroessner: ruled for 35 years with ritual 're-elections'

is strategically based in the capital, Asuncion, said the armed forces would "co-govern" Paraguay with the Colorados forever - a view publicly shared by other top officers. But on Saturday Mr Laino attracted 200,000 people to a rally in Asuncion, which analysts see as an eloquent public rebuke to the military.

majority in congress - which will have the last word in disputes over the elections' outcome - to maintain their hold on power. If all else fails, the army could intervene. But it will be harder to get away

that the Colorados could simply rig the elections. Or they could use their

with dirty tricks than before. Inter-There is also widespread belief national observers will be vigilant.



Argentina and Brazil - Paraguay's two powerful neighbours - say they will not tolerate a return to the past. US President Bill Clinton has told Mr Rodriguez he trusts the elections would be free and fair and would proceed as scheduled.

The US has had a crucial role in coaxing Paraguay towards democracy, as it had in keeping Mr Stroes-

sner in power. That is why level heads in Asuncion are confident that Mr Rodriguez will be as good as his word and turn over power to a legitimately elected successor - for the

first time in 182 years. It is another question whether an opposition leader can govern without the backing of the military, still the arbiters of power in Paraguay.

Threat of **US** mine strikes

THE United Mine Workers union is threatening strike action at the US's largest coal mines, in a stand-off over job security, reports Laurie Morse from Chicago.

Mr Jim Grossfeld of the union said miners worked without a contract yesterday after a contract extension expired at midnight on Monday. Owners, represented by the Bituminous Coal Operators Association, met union officials on Monday, with federal mediators. No more meetings were scheduled yesterday, Mr Grossfeld said.

"The story is, barring a settlement, every mine of every BCOA operator becomes a strike target," he added.

The BCOA is refusing to

guarantee in a new national contract that its members will employ union workers at their mines shut and new ones open with non-union labour, the United Mine Workers has been losing its support base.

The union targeted Peabody Coal, a subsidiary of Hanson of the UK. for a strike on February 2 when the national contract first expired. The strike ended and negotiations resumed on March 2.

US officials set out foreign , policy aims

THE promotion of economic reform, trade, democracy and human rights will be the cornerstones of US policy towards both Latin America and Africa, according to two speeches delivered this week by senior members of the Clinton admin-

On Latin America, Mr Clifton Wharton, the deputy secretary of state, engaged in few specifics, but said the US had no intention of trying to over-throw President Fidel Castro of Cuba but hoped the Cuban people would win their freedom through "peaceful transition" He endorsed the controver-

which curbs commercial links with Cuba, as part of a twintrack policy - refusing "support for the Castro dictatorship" while simultaneously opening a door to Cuba to rejoin "the democratic community". Soon, he predicted, the Cuban government will no longer be able to "defy political

Mr Wharton argued that the North American Free Trade Area "is in the overriding economic and foreign policy interest" of the US. Restoring democracy in Haiti

On Africa, Mr Anthony Lake, the White House national security adviser, took comfort in the trend towards multi-party elections on the continent. He pledged an activist approach to "disasters in the making", such as Somalia, and to resolution of conflicts in Zaire, Sudan, Liberia and Togo.

Both speeches represent the first attempts by the administration to place the respective continental policies in a conceptual framework.

The Latin America policy statement marks a departure from the attitudes of President Ronald Resgan, consumed by the need to fight communist George Bush, often dominated by the need to combat the narcotics trade.

Many of its sentiments esemble the policies of the Carter administration.

Mr Wharton also specifically praised the leadership of Presidents Salinas of Mexico. Menem of Argentina and Aylwin of Chile for liberating economic capabilities.

Mr Lake said the new administration not only knows "where Africa is" but intends to contribute to "where it is

THE ENVIRONMENT

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Mexican will defend libel suit

By Damian Fraser in Mexico City

MEXICO'S former minister of communications and transport, Mr Andres Caso Lombardo, says he has turned down an offer to become his country's ambassador to the UK, to defend himself against accusations of libel brought by British subject and former IBM. agent Mr Kaveh Moussavi. Mr Caso Lombardo, minister until March this year, said he

would not take up a position in the foreign service, so as to have absolutely all the free dom to defend myself" against Mr Moussavi's accusations. A writ against Mr Caso Lombardo for libel and slander was

issued in London on Friday on behalf of Mr Moussavi, who has engaged the services of libel specialists Peter Carter-Ruck and Partners.

Mr Moussavi claims that Mr Caso Lombardo defamed him in giving his response to allegations made by Mr Moussavi earlier this year. Mr Moussavi had said three officials from the Mexican gov-

ernment had solicited a bribe of \$1m (£650,000) in return for fixing a controversial \$21m air traffic control contract. Although the legality of the contract was later upheld by

Mexico's Comptroller of the Federation, Mr Moussavi's allegations created a storm in Mexico's attorney-general, Mr Jorge Carpizo, said yester-

day his office would investigate Mr Moussavi's original allegations and the countercharges arising out of them.

Eleven die in Chilean mudslides and floods

AT LEAST 11 people died and more than 60 were hurt in floods and mudslides which swept through parts of the Chilean capital, police said yesterday, Reuter reports from Santiago.

Heavy rain in the Andesmountains swelled rivers and bursi canal banks on Monday, burying parts of poorer southern neighbourhoods of Santiago under mud and

Radio reports said the death toll could be 14 or higher after more bodies were found in the mud yesterday morning.

Police and civil defence workers with earth-moving machinery struggled to clear away mud and debris. More than 1,700 people were temporarily given shelter in schools. Local authorities appealed for warm clothes and food for the homeless.

A pass between Chile and Argentina was also closed after the rain caused rock falls, and one of the world's largest copper mines, El Teniente, was shut down for a second day after a bridge collapsed and power stations Using unleaded petrol is just one way business makes on investment in the environment. But what's happening inside the office?

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ADB chief in bid to secure rise in capital

By Victor Mallet in Manila

MR Kimimasa Tarumizu, president of the Asian Development Bank, yesterday defended the bank's record in the face of US reluctance to subscribe to a proposed capital increase and said new funds were needed to alleviate poverty, preserve the environment and finance investment in infrastructure.

Addressing the opening session of the ADB's annual meeting. Mr Tarumizu said the bank expected to raise about \$14bn (£8.9bn) on international financial markets over the next four years to finance its loans to developing Asian countries. The ADB's borrowings rose to \$3.1bn last year from \$1.3bn in

The ADB wants to double its subscribed capital from the present \$23bn, both to secure its future borrowings on international markets and because its charter limits the amount it can lend to the sum of its capital and reserves.

US representatives have suggested a reinterpretation of the charter to allow further lending without the capital increase, arguing that the limit should be on loan disbursements rather than commit-

But if the existing interpretation is accepted - and the ADB insists that it should be

the bank will probably have to stop granting new loans some time in 1994, unless they are covered by incoming repayments of previous credits. Mr Tarumizu yesterday described an early consensus on the capital increase as "critical".

Responding to concerns about the rising failure rate of ADB projects, he said measures had been taken and "task forces" established to increase the effectiveness of the bank's

He said the ADB needed resources because it was expanding - the six former central Asian republics of the Soviet Union are expected to join soon, although they are also members of the European Bank for Reconstruction and Development - and because further outside support for economic reform in Asia was essential despite the success of many Asian economies.

"The overwhelming majority of the world's poor - and the extremely poor - still live in Asia, almost entirely in the hank's member countries," he

At one point Mr Tarumizu emphasised the need to tackle Asian infrastructure problems such as power shortages, particularly severe in the Philippines where the ADB annual meeting is being held; as if on cue, the lights in the conven-



Mr Nelson Mandela, president of the African National Congress, pictured yesterday, urged British business to invest in South Africa "as soon as the date for elections is announced' and promised an early return to Commonwealth membership, writes Michael Holman. Mr Mandela, on a two-day visit to London, is due to hold talks today with Mr John Major,

Britain's prime minister, and address members of both houses of parliament. The ANC expects the constitutional regotiations under way in South Africa will soon set a date for the country's first all-race elections, paving the way to a government of national unity. The election itself would follow within a year. Mr Mandela told a press conference that the ANC had "issued

an investment code which provides that there will be no expropriation of property of investors. They will be allowed to repatriate their dividends and profits, and we think that will go a long way to reassuring investors to invest in our country". The ANC leader once again appealed to whites to stay in South Africa: "They have the knowledge, the skills... without

them it is going to be difficult to address many of the socio-economic problems facing the country." An early foreign policy decision of a new government would be to rejoin the Commonwealth, Mr Mandela said later at a lunch in his honour hosted by

Chief Emeka Anyaoku, Commonwealth secretary general. Picture: Tony Andrews

Clinton may | Handling intervene in of Israeli **Mideast** peace talks

By Roger Matthews in Washington

US PRESIDENT Bill Clinton is considering calling a personal meeting with the heads of the Arab and Israell negotiating teams in Washington shortly in a renewed American effort to breathe life into the Middle

East peace process. Mr Farouk al-Shara, Syrian foreign minister, said in Damascus yesterday this indicated the importance that the US attached to the peace

Earlier Mr Yitzhak Rabin, Israel's prime minister, had damped down hopes of quick progress in the ninth round of the talks and warned that negotiations could "blow up" if references to the final status of the occupied Arab territories was put on the agenda.

His remarks were primarily directed at Mr Shimon Peres, his foreign minister, who on Sunday said Israel faced a decisive two weeks of negotiations and called for the pace of the talks to be accelerated.

Mr Peres, a long-time rival of Mr Rabin within Israel's Labour party, said he favoured an eventual confederation between Jordan, the West Bank and the Gaza Strin.

Mr Rabin, in an Israeli newspaper interview, retorted that the only way to complete negotiations quickly would be by giving the other side every-thing that they demanded. "I do not intend to do that," he said. The prime minister also ruled out Mr Peres's proposals on confederation saying that meant conceding a Palestinian

As the negotiations entered the second week of the present session, Israel and Syria appeared deadlocked over the core issue of the "full peace" which would follow a "full withdrawal" from the occupied Golan Heights. Israel is insisting that Syria must specify in detail what it means by a "full peace" before it will indicate how much of the Golan it will return. Mr Rabin insisted yesterday the onus was on Svria to break the impasse.

The lack of progress achieved in any of the sets of talks, which also include Lebanon and Jordan, appear to have dashed earlier US hopes that all the delegations might agree to remain in Washington for an extended period.

banks sale

ISRAEL'S state comptroller yesterday published a highly critical report of the government's handling of the sale of which it took over 10 years ago following a share manipulation scandal.

The comptroller's report said that rather than protect the public interest and minimise its losses, the government was prepared to make concessions to the former owners, thereby serving their interest in regaining control of the

The government allowed the former owners to take part in formulating policy concerning the sale of the banks and was willing to give them preferential terms in bidding for a controlling stake, it said.

"It was clear in advance that these people saw themselves as candidates to reacquire control, when the government put the shares up for sale," said the report. "This created a blatant contradiction between the aims of the government and the effective owner interested in selling the banks under the best possible terms, and the aims of the bank managers and former owners."

non-banking companies. Since taking over the banks in 1983, the government has not yet sold off shares in any of the big four-Leumi. Hapoalim, Israel Discount and

By Judy Maltz in Jerusalem

The former owners retained majority voting rights, and the report notes that the Treasury gave former owners who agreed to the equalisation of the banks' shares a bonus in the form of 3 per cent of the capital.

According to the report, the government's willingness to allow the former owners to be involved in the banks' privatisation has been a main reason behind the prolonged delay in selling of the institutions.

The report was published two days after the cabinet approved a reorganisation programme for Israel's four leading banks, presented by Finance Minister Avraham Shohat. The programme will force the big banks, which control more than 86 per cent of banking activity in the country, to sell off some of their smaller banking subsidiaries and their holdings in

Indian budget eases taxes and cuts import duties

MR Manmohan Singh, Indian from the earlier Rs7,000. finance minister, yesterday announced tax and import duty cuts worth Rs4.29bn (\$132m) in budget proposals for the year from April, Reuter

reports from New Delhi. He raised income tax-exemption limits to Rs30,000 a year from Rs28.000 and allowed interest from savings to be taxfree up to Rs10.000 a year, up

Import duties were cut for items including car components, caustic soda, industrial diamonds, silicon wafers, telecommunication components

and life-saving drugs.

Mr Singh said the changes were expected to result in a revenue loss of Rs1.25bn to the federal government and Rs3.04bn to the states.

criticised

kans yesterday stood in line on the beach of Colombo waiting to enter the waterfront mansion of the assassinated President Ranasinghe Premadasa to pay their

Among them were businessman who had done much for his country's economy. Mr Premadasa presided over rapid liberalisation, solid economic growth, a sharp rise in share prices and an unprecedented surge in foreign investment.

Businessmen in Colombo believe Mr Premadasa's economic achievements will survive his bloody death at the hands of a suicide bomber last weekend. They think that even though the assassination could bring confusion in politics, Sri Lanka's economy will survive the shock.

As Mr AS Jaywardena. chairman of Sri Lanka's Securities and Exchange Commission, says: "There will be a loss of confidence but it will be moderate.'

Sri Lankan executives have grown used to doing business amid political turmoil. For 10

THE United Nations vesterday

launched an appeal to send

1.3m refugees back to Mozam-

bique in Africa's largest ever

voluntary repatriation pro-

gramme, Reuter reports from

The \$203m sought from

donor states will finance a

three-year programme, which

HOUSANDS of Sri Lan- years the country has been split by a civil war in the north and east in which the Tamil Tigers insurgents are fighting for a separate homeland for the minority Tamil community against the wishes of the

majority Sinhalese. However, businessmen do president's death and the assassination the previous week of Mr Lalith Athulathmudali, an opposition leader, might trigger more general violence in the relatively prosperous south and west of the island.

The danger yesterday seemed remote - Sri Lankans have reacted remarkably calmly to the president's assassination. But the risk exists: the JVP, a Singhalese anarchist group, resorted to violence in the late 1980s and was ruthlessly suppressed at considerable cost to Sri Lanka's international reputation.

If calm continues to prevail now, much credit will be due to the way in which the caretaker government, led by Mr D B Wijetunga, the acting president, and the opposition parties have refrained from

the United Nations High Com-

missioner for Refugees

(UNHCR) to buy food and

seeds for planting, hire trucks

to transfer the refugees, and

rebuild roads, bridges and

schools. Up to \$6m of the funds

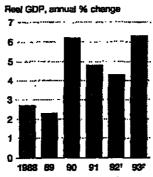
will be used to remove land-

A total of 1.8m refugees are

mines from the country.

Slain Sri Lankan president's gains set to live on, writes Stefan Wagstyl

Premadasa leaves legacy of growth



Source: IMF/EIU 1 Estimate, 2 Forecast inflaming passions. As a western diplomat said yesterday: People are behaving very well because they know how quickly the situation might slip out of control if they try to exploit it."

To businessmen's relief, Mr Wijetunga has also committed himself to carrying on with Mr Premadasa's economic policies. including deregulation of trade, financial services, and privatisation. Moreover, there are strong signs that the opposition leaders would also broadly favour Mr Premadasa's

seeks funds for Mozambican

dead before it ended last year.
A peace accord and the eas-

ing of a severe drought have

already encouraged 150,000 ref-

ugees to return, according to

the UNHCR. The Geneva-based

UN agency expects to repatri-

ate another 500,000 this year at

"The refugees are very eager

a cost of \$55m.

economic policies if they were

to come to power. The two assassinations have come at a time when businessmen are fairly well placed to withstand a moderate blow to confidence. The economy has been growing at an average annual rate of 5 per cent in the last three years, including 1992 when the rate slipped to 4.3 per cent because of a severe

Mr Wimal Hettiarachchi, director of economic research at the central bank of Sri Lanka. expects to see 5 per cent growth this year. "We hope to see further progress. Politicians have their differences, but no one wants to sab-

otage the national economy. Foreign investment, which has grown from US\$50m (£32m) a year in the mid-1980s to \$200m last year, could suffer from the political unheavals as those investors who have vet to commit themselves to Sri Lanka may decide to hold back. Foreign investment in the country largely consists of small investments in busi-nesses which require little capital - such as garment-making,

waiting to see if the peace situ-

ation is really going to stick.

Mozambique is a key to bring-

ing peace and prosperity to the

Malawi is sheltering 1.1m of

the 1.3m Mozambican refugees

registered with the UNHCR.

Zimbabwe is home to 138,000.

followed by Zambia, Swaziland

le region," he said.

Tourism, an important earner of foreign exchange for Sri Lanka, is particularly vulnerable to the effects of violent incidents. Fortunately for the

country's hoteliers, the assassinations have occurred at the end of the tourist season. "If this had happened in would be in trouble," said one Colombo

hotel manager. The industry, which is mainly in the south, has only just recovered from the effects of the JVP insurgency. The number of tourists in 1992 rose 24 per cent to 394,000 - a level last seen in Sri Lanka cannot afford

another prolonged period of economic disruption. The country's high literacy rate of more than 90 per cent is the envy of other developing nations. But these well-educated people are more likely than their uneducated peers to demand good jobs. Without jobs, they are more likely to voice their

As a leading Colombo economist sys: "Sri Lanka needs to keep growing at least as fast as it has in the past few

gistered Mozambicans, Zim-

babwe a further 100,000 and

Tanzania another 50,000, the

the peace process, the fragile

economic situation, the pres-

ence of millions of displaced

The slow implementation of

agency said.

Imports surge lifts Australian deficit

By Emilia Tagaza in Melboume

AUSTRALIA'S current account deficit rose sharply to A\$2.13bn (US\$1.5bn) on a seasonally adjusted basis in March, more than double the February deficit of A\$861m.

Imports surged, mainly because of an increase in machinery imports and the payment for a natural gas

The figures have dented market expectations of another drop in interest rates by the middle of this year. Favourable growth and inflation figures during the December quarter had allowed the government to cut interest rates by a half

point last month. The government is taking comfort in the import figures, saying a rise in machinery imports in March indicates that business investment is steadily recovering. The tanker purchase will also help raise exports of natural gas, especially to Japan.

Nevertheless, analysts now expect an extremely weak

Singapore eases newspaper curb

Singapore is to let the Asian Wall Street Journal increase its circulation and, for the first time since 1988, base a correspondent in the island republic, Kieran Cooke writes from Singapore.

kraine

In 1987 the Singapore government cut the Asian Journal's 🤰 circulation to 400 copies a day after accusing it of interfering in domestic politics. Subsequently the government has raised the permitted circulation to 3,500 copies daily.

Asian Journal correspondents have only been allowed into Singapore for brief visits in the last two years.

The Asian Journal said that before the circulation curbs it was selling 5,000 copies a day in Singapore.

"We continue to hope the zovernment will soon allow the market, not government permit, to determine our sales," the Journal said.

S Africa plans Angolan links

South Africa yesterday said it planned to reopen its diplomatic mission in Angola, which it closed in November because of hostility over renewed civil war. Reuter

reports from Cape Town. South African Foreign Minister Pik Botha said the decision to send officials back to the Luanda office was made following a meeting yesterday with the former Angolan military commander, Gen Antonio dos Santos Franca.

The diplomats were withdrawn in November when fighting restarted after a disputed election and the Angolan government accused Pretoria of resuming support for Unita

Pakistan seeks seized envoys

Pakistani authorities said yesterday they were trying to obtain the release of three European diplomats kidnapped in Aighanistan

but would not accept the kidnappers' demand for the release of two men arrested for gun-running, Reuter reports

and hungry people, and the estimated 2m mines are among to come home." said Mr David officials hope to begin by late believed to have fled civil war and Tanzania with 20,000-25,000 Lambo, UNHCR co-ordinator in Mozambique, which caused the major obstacles UNHCR The funds will be used by in addition, South Africa is \$15bn in damage and left 3m for southern Africa. "They are New group targets the roots of corruption

Michael Holman examines an attempt to fight the scourge of the developing world

CAMPAIGN to fight corrupt A business practices around the world may seem the contembusiness practices around the porary equivalent of cleaning the Augean stables. An attempt to do just that gets under way in Berlin today. A gathering of some 70 business-men, specialists, and senior officials from development agencies and governments rich and poor are preparing

ency International - "an international coalition against corruption in international business transactions." This objective may seem optimistic, to say the least. But its founders are confident that it is an idea whose time has come. The concepts of good governance and accountability have

for the official launch of Transpar-

unprecedented international support, as relevant to exposing corruption in Brazil or Italy as in Zaire or Nigeria. Behind the project, nearly two years in gestation, is a group of hardheaded veterans of aid, commerce and development, eminent in their own fields, and with experience spanning the developing world.

Among those playing an active role

in the Berlin launch is Mr Robert

McNamara, the former World Bank

Costa Rica and Nobel prize winner, Mr Andy Young, a former US ambassador to the UN, and Mr Haartmut Ruppel, Namibia's attorney general. All share concern about the impact of corruption, generally agreed to have increased dramatically over the past decade. "Nobody in the business world pretends any more that corruption is not one of the most important and damaging factors in third world

development," says a businessman

and adviser to Ti, who has drawn

president, while the names of a distin-

guished 30-member advisory council

are due to be announced this week.

They are expected to include Mr

Oscar Arias, former president of

from his experience in Africa, Asia and the Caribbean. The damage to third world economies, he points out, goes beyond the fact that the wrong supplier or contractor might be chosen. "When a government is persuaded - that is hribed - that it needs aircraft or a food processing plant which are unnecessary or unjustified, not only is there a loss of scarce foreign exchange resources. Those resources will have been diverted from worth-

Mr Peter Eigen, a former senior World Bank official and interim chairman of Ti, has no illusions about the immensity of the task, which embraces former communist states as well as third world countries.

We recognise the realities of international commerce and competition." savs Mr Eigen, who in the 1980s served as the World Bank resident representative for east Africa, based in Nairobi: "Our approach must be evolutionary."

At the heart of the campaign will be the drive to win support for a code of conduct. Governments, lending and aid-

granting agencies and companies will be invited to subscribe to the code. central to which is a pledge not to offer or accept bribes. What may help make the code effective is the quid pro quo tactic TI will employ. "Initially there may be only a few countries where business and

government abide by our code, a few 'islands of integrity'," as Mr Eigen The campaign will therefore focus at the start on five or six govern-

eastern Europe who are prepared to support the code.

These governments - some have already had discussions with Ti - will restrict tendering for state contracts to corporations who have themselves signed the pledge.

We expect these leading countries will create a momentum by their example." says Mr Eigen.

part from seeking support for honest business practices, TI will offer a range of services. helping to strengthen rules and systems for international procure-ment bidding to help eradicate corruption, or assisting governments to establish anti-corruption investigative agencies, providing a clearing house for information on corruption, and examining serious contraventions of

the code. TI may be optimistic, but it is certainly not naïve. It would be invidious to suggest that some of TI's supporters in the business community are poachers turned gamekeepers, but a 50-page analysis of corruption by one of the founders displays considerable

ments in developing countries and insights into the world of contracts

and kickbacks. Top of the contract kickback list are aircraft, ships, military supplies and telecommunications, followed by big industrial and agro-industrial projects. Then come dams, bridges, airports and hospitals, and bulk sup-

plies - oil. cement, fertiliser. As a rule of thumb, 5 per cent of \$200,000 will win the help of a senior official below top rank. The same percentage of 20m and you are dealing

with the permanent secretary. At \$20m enter the minister and senior staff, while a cut from \$200m "justifies the serious attention of the head of state."

Suggestions that existing safeguards against corruption are effective, such as international competitive bidding, or pre-shipment inspection are dismissed. The short answer is that with complicity between buyer and seller they are largely ineffective."

Transparency International, clo IWS. Technical University of Berlin, Har-denbergplatz 2, D-1000 Berlin 12, Germany. Tel 49 30 362 7041 fax 49 30 262

Oil boom in

attract \$85bn

CIS may

By Frances Williams in Geneva

THE former Soviet Union is on

the verge of a massive foreign

investment boom in the oil, gas

and minerals sector, according

to the United Nations Eco-

nomic Commission for Europe.

(£55bn) of foreign capital may

flow into the Commonwealth

of Independent States as a con-

sequence of deals signed

While this huge inflow will

be spread over decades, initial

investment over the next four

years could reach almost

investment so far in CIS coun-

tries in all industrial sectors

Of the 39 projects identified

by the ECE report, 22 are in

Russia and eight in Kazakh-

stan. Over half involve Ameri-

The ECR notes that most of

gas industries. "There is con-

This is double total foreign

\$10bn, the ECE believes.

combined.

between 1990 and early 1993.

It estimates that up to \$85bn

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Tropics of

> can or British companies. The biggest to date is a deal between British Gas and Agip of Italy with the government of Kazakhstan, entailing investment of \$6bn during the first 10 years and up to \$20bn over 40 the projects are in the oil and

to pay world prices By Chrystia Freeland in Klev

> THE Ukrainian government is preparing a decree which a decree that would oblige Ruswould shift trade with Russia to world prices on July 1, according to Ukrainian offi-cials. If implemented, the measure would bring a sharp shock to Ukraine's already faltering economy, but in the long term it would be likely to assist market reforms in the two neighbouring Slav states.

CIS's still under-exploited mineral resources sector, including in gold, copper, coal and alu-The UN body has also recorded a steady increase in the total number of foreign investment projects in the CIS

siderable scope for further large-scale investments in the

and eastern Europe. Total foreign investment registrations in the former Comecon area more than doubled, from 31,000 at the start of 1992 to 64,200 at the end. In the CIS alone, registrations trebled from 4,200 to

The ECE says foreign investors are increasingly shifting away from establishment of joint ventures towards buying existing companies or setting up wholly-owned subsidiaries. In several eastern European countries, over half the value of total foreign direct investment is now accounted for by privatisation.

*East West Investment (Incorporating East-West Joint Ventures News), No 1, January 1993, annual subscription (4 issues, \$30, single issue \$20, available from UN Sales Section, Palais des Nations, CH-1211 Geneva

Mr Ivan Herts, Ukrainian

minister for foreign economic

relations, said he had prepared

sia to pay world prices for

goods and services, including

the transit costs of oil and gas,

which it exports through

Ukraine wants Russia

In his recent economic plan, President Itamar Franco made roads a priority, doubling investment to 0.6-0.7 per cent of GDP, to repair 6,000km this year in a project that will create 110,000 jobs. The extra money will come from a new tax on fuel imports, expected to raise \$600m, with \$300m

Ukraine. In exchange, Mr Herts expects Russia to raise the prices it charges Ukraine for energy to international rates. The decree will be debated by cabinet on May 10.

Brazilians look abroad for roads

By Christina Lamb

THE Brazilian government is

The programme, which envisages private sector investment of \$1.5bn (£974m) in the next three years, will be launched on Monday with bid-ding for the maintenance and operation of the Rio-Niteroi bridge, the 14km suspension bridge which links the two sides of Rio de Janeiro, and the Via Dutra, the 429km road between Rio and São Paulo,

minister, said: "Lack of investment over the last decade has completely destroyed our road and rail system, making freight very expensive and affecting our exports... The government has no money so the only answer is through

1,000km were repaired.

hoping to attract foreign capital to carry out a massive vision of public services.

Explaining the decision Mr Alberto Goldman, transport

Brazil depends unusually heavily on roads, which carry 70 per cent of cargo. However. less than half of the 50,000km of federal bighways are in reasonable condition. Mr Goldman says Brazil needs to repair 2,000km-3,000km a year just to prevent the situation worsening, but last year only

from the World Bank.

and maintenance this year.

roadbuilding and repair programme - the first time the country has allowed private sector participation in the pro-

Brazil's two largest cities.

Mr Goldman says this is "nowhere near sufficient" and plans to open to concession 7,500km of roads for repair



One of China's Boeing 737-200s already in operation: "Nobody can believe that the airline market can grow so fast"

China ready to buy 47 Boeings

By Tony Walker and Lynne Curry in Beijing

CHINA expects to buy at least 47 Boeing passenger aircraft this year at an estimated cost of \$1.6bn (£1.03bn), among other orders for aircraft such as the European Airbus and the Fokker-100.

Mr Ye Yigan, president of the China Aviation Supplies Corporation (CASC), estimated this week that Chinese demand, mostly for passenger aircraft, would average about 40 a year for the foreseeable

future. "I believe China will purchase more this year than in 1992, when domestic passenger and freight transport volumes jumped by 28 per cent over 1991," Mr Ye told the Englisblanguage Business Weekly.

By Kevin Done. Motor Industry Correspondent

new aircraft reflects a surge in traffic - passenger numbers have grown by at least 20 per cent annually since 1984 coinciding with the country's open door" reforms and a boom which produced an economic growth rate last year of nearly 13 per cent. China's Boeing orders this

China's huge demand for

year include 20 150-seater 737-200s with six options, and one Boeing 757-200. The Chinese are also reported to have signed for six new-generation 777s to be

1992 will account for about 14 per cent of the company's total. It expects China to purchase about 800 of its aircraft over the next 15 years. European Airbus also

delivered in 1995.

airline market can grow so fast." Fuelling the boom is the rapid growth in new airlines. At least 42 airlines, including six big carriers, are now operating in China, with three more awaiting approval.

craft technology this week.

"Nobody can believe that the

Mr Ye said that as well as buying new aircraft, CASC was importing more of such items Boeing deliveries to China in as navigation aids to upgrade facilities at dozens of airstrips around the vast country. He estimated that since 1980 China had imported aviation

supplies worth \$10bn.

recently clinched a deal for 12 makers engaged in the China aircraft worth about \$1bn, with business are McDonnell Dougoptions for about a dozen las of the US, which has been more.
"The market is exploding," involved in a joint venture in Shanghai since the mid-1980s: said a western supplier of airand Saab-Scania of Sweden, which is negotiating with the

Xian Aircraft Corporation to produce the 100-seat Saab-2000. The sales boom and increasing talk of co-production deals coincide with publication of a fairly gloomy assessment of the Chinese aviation industry in the official Outlook magazine which posed the question: "What is wrong with Chinese

civil aviation?" The magazine reported big increases in activity, including a surge last year of 30 per cent in passenger traffic, and purchases of some 56 aircraft. But the article concluded: "Just as

bought the horse but can't afford the saddle'

"Ground facilities, including communications systems, radar navigation and weather forecasting, cannot cope with the rapid increase in numbers of planes," it added. "Maintenance is another problem, and so, too, is trained staff. An investigation into a plane crash last year showed the pilot had been overworking for several months."

As an illustration of the problems of overwork and exhaustion, the magazine quoted this exchange between a pilot and hostess. "Why can't you smile when you serve the passengers?" The young woman replied: "I've no smile passengers?" left. I work extra hours every day. I'm too tired. I only want Among other foreign aircraft the old saying goes, 'we've to cry."

Iveco in talks on joint venture with Nanjing

IVECO, the commercial vehicle subsidiary of Fiat of Italy, is negotiating a joint venture in China to produce light com-mercial vehicles with Nanjing Motor as part of the expansion of its operations in Asia. Mr Giancarlo Boschetti,

Iveco chief executive, said final

agreement on the Chinese ven-

ture was expected to be reached in the summer.

Around 6,000 Iveco Daily light commercial vehicles (3-6 tonnes gross vehicle weight) were produced by Nanjing Motor last year under an existing licensing deal established in the mid-1980s.

The planned joint venture would raise capacity to around 60,000 vehicles a year, and local content would be increased from 50 to around 90 per cent. Iveco would take a minority equity stake in the venture.

Mr Boschetti said Iveco wanted to increase its operations in Asia and was aiming to use the venture in China as well as Ashok Leyland, its minority-owned affiliate in India, to export to other

parts of the region. Separately, Iveco has signed a licensing agreement with

Halla Engineering and Heavy Industry in South Korea to produce heavy duty trucks, chiefly for off-road use in the construction industry, and is planning to assemble a small volume of light commercial vehicles in a

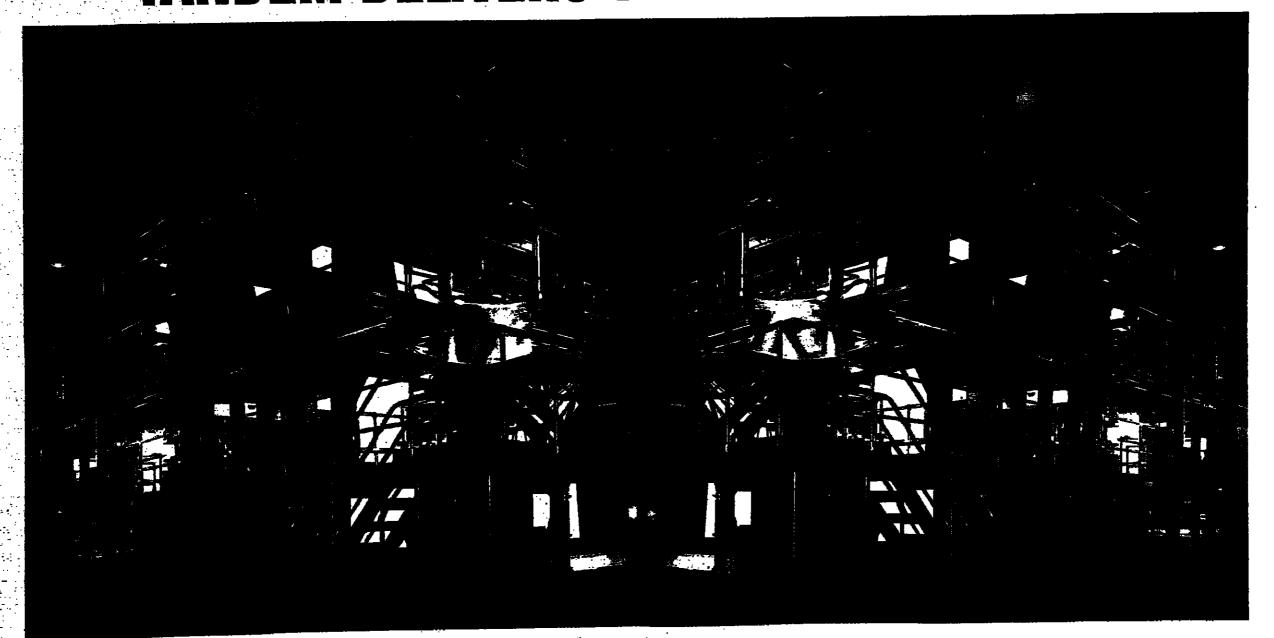
joint venture in Vietnam. Around 250 Iveco vehicles will be produced in South

Korea this year, to rise to 1,000 a year by 1997.

India the assembly line for the former UK-built Iveco Ford Cargo, which has been replaced by the new generation EuroCargo truck range at the

Langley plant west of London. Output of the former UK-built Cargo is due to begin in India in November as part of a four-year plan to renew the Ashok Leyland product range. Products will be badged Ashok The group is transferring to Iveco.

TANDEM DELIVERS THE FINANCIAL TIMES.



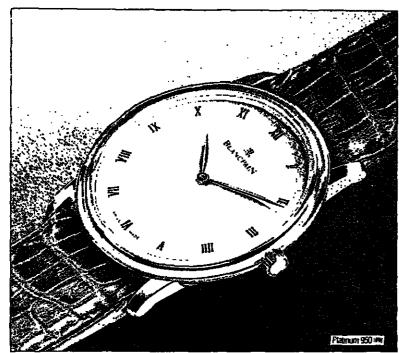
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THE OLYMPIC CONTENDERS: MANCHESTER

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NEWS: WORLD TRADE

US links Gatt deal to better EC access

THE US requires better market access for its agricultural exports to the EC in order to conclude a Uruguay Round deal, Mr Mike Espy, US agri-culture secretary, said yester-

Following meetings in Brussels with Mr René Steichen, EC farm commissioner, and Sir Leon Brittan, EC trade commissioner, Mr Espy said the issue of market access was left "largely unresolved" by last November's EC-US breakthrough in Washington on

farm trade. The US agriculture secretary said the administration had no wish to reopen the Washington agreement, which staved off a transatlantic trade war. But in order to conclude an agreement under the General Agreement on Tariffs and Trade

access," he said. He would not be drawn on whether the US was seeking a managed trade solution, guaranteeing it market share, and merely said officials from both sides would be

looking at the issue of access. He also said it was "time-urgent" for the EC to implement the Washington agreement on oilseeds, hinting that otherwise the powerful US soya industry would press for the \$1bn sanctions withdrawn last November to be reinstated.

Mr Steichen emphasised that "their interpretation is different from ours" on market access. "The US wants fixed markets now," he added, pointing out that the Uruguay Round final act mentioned only market "opportunities".

Senior Commission officials said it would be almost impossible to get EC member states

market access, beyond the commitments already entered into under the Washington agreement and last May's reform of the Common Agricultural Policy – aiready facing opposition from France, the EC's main food producer and

Mr Steichen said the EC should adopt the oilseeds part of the Washington agreement separate from the Uruguay Round proper - by next month. He emphasised that if France continued with its opposition, it could be out-

"This is not a question of unanimity. It will be settled by a qualified majority" of member states, he said.

Mr Espy nevertheless said he would be reporting to US President Bill Clinton that a conclusion to the Round was possible.

South Africa in Gulf trade link

By Mark Nicholson in Cairo

KANOO, one of the Gulf's leading trade and shipping groups, yesterday signed a groundbreaking agreement in Bahrain with Omega investment, a South African business consultancy, to encourage direct trade and investment between the republic and the Gulf - signalling a shift away from the Gulf states' enforce-ment of trade sanctions against

Pretoria. Pretoria.

Both sides said they hoped the agreement would marry the Gulf states' hunger for investment in high-technology manufacturing to South Africa's desire to formalise overt trade ties with Middle Eastern countries. Trade has previously been handled essen-tially through third parties.

Kanoo will act as Omega's sponsor in Bahrain but, according to Mr Michael Parsons, general manager, will try to promote links between a range

of Gulf and South African companies. The agreement's first fruit will be mutual trade and investment missions between Bahrain and the republic.

The deal is the first formal attempt to improve trade links between the two regions, but caps growing interest from Bahrain in cultivating links with South Africa. Gulf Air, the Bahrain-based Gulf airline, has in the past year begun-flights to Johannesburg, while Flight Star, a South African charter airline, has won recip-rocal rights to fly into Man-

Mr Denis Worrall, director general of Omega and former South African ambassador to Britain, said businessmen travelling with him on a 12-day visit to Abu Dhabi, Dubai and Bahrain were encouraged by opportunities in retailing, air conditioning manufacture and food processing. Petrochemical exports are sure to dominate any expanded trade.

UK-India trade drive under way

By Michael Cassell, Business Correspondent

AN Anglo-Indian initiative to step up trade, following the January visit to India of Britain's Prime Minister John Major, will be launched in London today.

During his Indian tour Mr Major and Mr PV Narasimha Rao, his Indian counterpart, announced moves aimed at greater economic co-operation between the two states.

Mr Major called on business

communities in both countries to consider measures, with the help of government, to improve two-way trade. He asked Mr Robert Evans, chairman of British Gas, who was with the prime minister's tour party, to head the new initiative. Dr J J Irani, managing direc-

tor of Tata Steel and president of the Confederation of Indian Industry, is leading the Indian

Mr Michael Heseltine, trade and industry secretary, whose department is leading a drive moting partnership between new era of trade liberalisation.



Rao: liberalising trade

government and industry, will attend today's launch of the Indo-British Partnership Initia-

Britain sells nearly fibn (\$1.54bn) worth of goods to India, which has a small trade imbalance with the UK. New initiative.



Major: appealed to business communities

Since the visit, British Gas has acted as the UK catalyst with the help of the south-east Asia desk at the Department of Trade and Industry - to bring together a number of "patron" companies to spearhead the

include British Aerospace, Cad-

bury Schweppes, GEC Alsthom, Inchcape, National Power, Rolls-Royce and Unilever. Representation will be at chief executive or senior level and member companies will each contribute to running

along industry sector lines and

will form working groups to analyse potential markets and ways to exploit them. The effort will be regionally based, with local Department of Trade offices, chambers of commerce and the Confederation of British industry providing back-up.

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Important sectors identified for examination include power generation, telecommunications, food processing, banking and financial services, oil and gas, engineering, textiles and healthcare.

The results of the work will be brought together and the prime ministers will be given proposals for enhancing trade between the two countries early next year.

A UK spokesman emphasised the initiative was intended primarily to assist medium-sized and small companies without the necessary resources to tackle the Indian market. "The really big companies can look after themselves. The intention is that other businesses should be able to use the muscle of big compahuge potential."

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Leyland workers accept pay freeze

Motor Industry Correspondent

THE workforce at the Leyland Daf truck assembly plant at Levland, Lancashire have agreed to a pay freeze to the end of 1994 and to a package of far-reaching reforms in working practices in support of the management buy-out bid to

escue the plant. The MBO team, led by Mr John Gilchrist, the managing director, is the front-runner to take over the Leyland Daf into administrative receiver-

financial collapse of Daf, the Anglo-Dutch commercial

Around 700 jobs at the truck assembly plant would be saved through the proposed management buy-out.
The MBO bid does not

include a further 350 Leyland Daf jobs in Leyland at the nearby components plant and technical centre and test track. Mr Gilchrist said of the deal last night: "These arrangements and ways of working are at the leading edge of European manufacturing prac-

The deal on working practices incorporates many of the reforms already introduced or sought by other vehicle makers

The deal on flexibility over hours is expected to set a new standard in the motor industry in the UK, with agreement for working hours to be varied by up to 20 per cent a week without overtime compensa-

The working week has been set at 37 hours a week, but hours worked up to 45 hours a

overtime pay. If weekly hours are reduced to 29 hours workers would receive a day off at basic pay.

Pay was last increased at the plant by 3.5 per cent in January, the first increase since September 1990. The new pay freeze will apply to the begin-

 JAGUAR, the UK luxury carmaker, has increased production by 56 per cent in the first four months of the year, helped by a recovery in

Jaguar sales in the US rose by 22 per cent last month to 1,011. Its US sales in the first four months of the year at 3.572 were 27 per cent higher than a year ago. The company said yesterday that its sales in the US had been boosted by the offer to buyers to return cars within 30 days if they were not satisfied. The recovery in sales Germany has allowed Jaguar to increase production to 9,953 in the first four months from 6,391 in the same period a year

UN to be pressed on Bosnia plan

THE MINISTRY of Defence believes Britain's contribution to any United Nations peacekeeping force in Bosnia could be met from existing UK troop levels – in spite of concern expressed by a senior army general and MPs' pleas for defence cuts to be reviewed.

expected to push at the UN for a commitment to troops from different countries being rotated according to a preagreed timetable.

Adding to the pressure on the government, General Sir David Ramsbotham, the Army's top personnel officer, said yesterday: "I don't believe we can support continuous deployment (in the former Yugoslavia] without seriously overstretching our resources... We will have to cope but I frankly believe we have to be very careful about committing that number of

Mr Malcolm Rifkind, the defence secretary, believes a rotation scheme would encour age other countries to take part in a UN operation, easing fears amonst Tory MPs of the

Ulster secretary

lon 545 5

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The British government has, however, made it clear that it would accept a delegation with a less specific role.

abour the adoption of the so-called "MacBride principles" for company investment. The principles are meant to promote employment of Catholics ing "fair employment" laws are

Although the IRA claimed to

In the 1980s Noraid raised millions of pounds in Irish pubs and clubs in and around New York, but latest official US State Department figures show the group collects little

and I hope it will disappear

the fall-off was because Americans now understood what the IRA stood for and

The bombing of the World Trade Centre in New York had exposed the harsh reality of terrorism. "I think there is a much greater sense of reality, but we have a long way to go.'

Arms-for-Iraq inquiry hears of secrecy debate

THE culture of secrecy which was seen by critics to govern Whitehall policy formulation during the 1980's came under fire yesterday during the first day of the public hearings in the arms-for-Iraq inquiry.
In a forceful exchange, Lord Justice Scott who is heading

the inquiry, asked a forme senior foreign office official whether he thought it was right that official guidelines

governing defence related sales

Lord Justice Scott asked Mr

Stephen Day, a former head of the Foreign Office's Middle East Desk: "Looking at the map more broadly would you not say that the British public and parliament were entitled to know about these important matters...to know about the

Mr Day denied that he had personally received any instructions that policy should

to iraq and iran should have be kept secret. But he con-been kept from parliament for firmed that a decision had been taken by ministers in 1984 that new guidelines governing exports should only be allowed to "trickle out" to parliament so as to minimise any disruption they might have on trade with Iraq, and relations generally with the Arab world.

The guidelines were drawn

up after the Foreign Office had ammount of defence related UK material which was finding

that a recommendation by Sir Richard Luce, then Foreign the new guidelines should be announced "robustly and positively to the House of Commons and in briefings to the media was never adopted.

Under close questioning from the counsel for the inquiry, Miss Presley Baxendale QC, Mr Day said: "Certainly Sir Richard Luce, who visited Baghdad, and other British officials were under

impose an embargo on Iran and step up our supplies to Iraq. We didn't want to reopen that by giving the appearance of a major change in policy." Rarlier Sir Richard Luce who

served as Minister of State at 1983 and 1985 told the inquiry that his department had found it increasingly difficult to defend an an unannounced policy in the early 1980's that only "non-lethal equipment" could be sold to Iran and Iraq.

meets US leaders

SIR Patrick Mayhew, Northern collect money for the provi-Ireland secretary, yesterday met senior US politicians in a bid to win backing for British policy in Ulster and deflect sympathy for republican fund-

Sir Patrick, who had meetings with State Department officials, and was expected to meet the Speaker of the House of Representatives Tom Foley and Senator Edward Kennedy, is also understood to have reiterated UK opposition to the sending of a US "peace envoy".

Speaking earlier in New York, Sir Patrick said Noraid, the US fundraising group which backs a united Ireland, is a declining force unable to sional IRA.

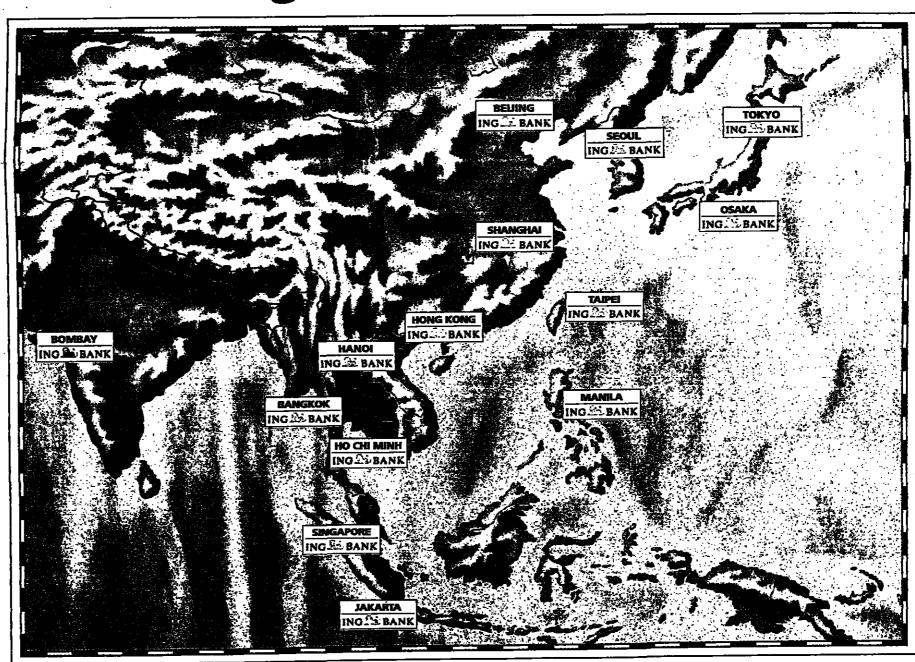
be freedom fighters Sir Patrick said all they were fighting for was 'freedom from the common obligations of humanity"

"Noraid is a declining force

completely. The people of the aware what such 'freedom fighting amounts to - the innocent civilians," he said.

Sir Patrick said he thought

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CONTRACTS & TENDERS

Extensions to **Greater Manchester's Light Rail Network**

GMPTE is seeking expression of interest from companies and organisations to "Fund, Design, Build, Operate and Maintain" extensions to Metrolink, Greater Manchester's Light Rail system.

- if selected, the company/organisation will be expected to join with others to form a "promoter group" to deliver the project
- To prequalify, each company/organisation must demonstrate their prior experiences and their ability to be able to join together with the public-sector to successfully deliver infrastructure projects with significant private sector capital funding.
- Further, each company/organisation will be especially asked to set out their expertise and knowledge of current UK Government Initiatives and European commitments toward transport infrastructure projects.

GMPTE has the Parliamentary powers for the proposed extensions to Metrolink and, once a funding package has been agreed, will be able to commence the project. Approval in principle to Grants from the European Regional Development Fund has been obtained for some of the extensions covering 25% of the costs of the works. The proposed extensions will add approximately 35kms to the existing system and will involve the addition of up to 30 light rail vehicles. The contract value will be in excess of £100m.

Expression of interest should be returned no later than 14 May 1993 and should be addressed to:

Mr J R Hall Deputy Director General 9 Portland Screet Piccadilly Gardens Manchester M60 1HX

Internationale Nederlanden Bank



NEWS: UK

Press plans stronger controls

By Raymond Snoddy

THE NEWSPAPER industry yesterday outlined steps to strengthen self-regulation in an attempt to head off government-imposed controls.

The plans range from ensuring a non-press majority on the Press Complaints Commission to the creation of a telephone helpline for the public.

The helpline, run by the commission, will give immediate advice to anyone fearing that the code of practice governing journalists' behaviour will also give telephone and involved. Mr Harry Roche, chairman of the Press Standards Board of Finance (Pressbof) which co-ordinates the newspaper and magazine industry's actions on self-regulation, said yesterday it was "totally opposed to statutory regulation"

However, it recognised the need for a responsible press commanding the respect of the

The changes announced yesterday come in response to proposals for a statutory press complaints commission from

fax numbers of editors the commission on the press to ownership rules covering and privacy. The Commons national heritage committee has advocated a statutory press ombudsman, and a bill put before parliament by Labour MP Mr Clive Soley proposed a press authority with

> • The ITV companies asked the government to look beyond the debate on the future of the BBC and instead produce "a new blueprint for a new era". In their response to the government's consultative paper

on the future of the BBC, the

ITV companies call for changes

television. They urge the clos-ing of the "loophole" that allows Mr Rupert Murdoch's News International to own 35 per cent of the British national press and 50 per cent of British Sky Broadcasting, the satellite television venture in which Pearson, owner of the Financial Times, has a stake.

The companies also want parity of regulation for all commercial broadcasters in the UK so that all cable and satellite channels available in the UK would, like ITV, have to meet the 51 per cent quota on Euro

somewhat higher than it was

in February, there has still

been a significant devaluation

compared with September.

Ministers also insist that com-

petitiveness is more to do with

controlling costs and keeping

Mr Ian Thompson, economist

at the Engineering Employers'

Federation, says manufactur-

ers always prefer a lower

exchange rate and recent con-

cern about the pound's appreci-

'Our view is that the bulk of

the devaluation benefit is still

there, even at the present

exchange rate. The pound

before we lost that benefit," he

that the pound is more likely

to appreciate than depreciate

over the next few months.

Interest rates in Germany are

on a downwards path, making

the D-Mark a less attractive

currency to hold, the UK econ-

omy is stirring out of reces-

sion, and base rates may have

Mr James Barty, economist

at merchant bank Morgan

Grenfell, believes the exchange

rate is about right. "There are

worrying signs that the gov-

ernment wants sterling to

strengthen significantly. This

could damage the trade posi-

tion and sustainability of the

hit bottom.

learn?" he asks.

would have to increase a lot

The worry for exporters is

ation is exaggerated.

down wages.

Britain in brief Water chief found dead in London

The body of water chief Sir Roy Watts was found in the Thames in London a week after he disappeared.

Sir Roy, chairman of Thames Water, vanished after learning that he was suffering from Parkinson's Disease. His body was recovered near

Westminster Bridge after being spotted by a river barge crew. police said. Police were not treating Sir Roy's death as suspicious and it was believed the body was

in the water several days. Sir Roy was last seen by his chauffeur who dropped him off outside his riverside flat in Battersea, south-west London, at 2pm on April 27.

The Doncaster-born execu-tive took over at Thames Water in 1983 and steered the company through privatisa-

Sikh wins police case

A Sikh police officer accepted £25,000 compensation after Nottinghamshire Constabulary admitted at an industrial tribu nal that he had suffered racial discrimination.

The settlement is one of the highest of its kind for a race discrimination case. The Commission for Racial

Equality, which backed the case, said "vigorous action" should be taken immediately by the constabulary to ensure racism is removed from structhroughout the force.

industry remains dangerously tity surveyors has begun to lamation as well as a car recycling business in collabora-

tion with the German auto-Quantity surveyors' workloads fell by 0.7 per cent in the makers BMW.

with a 5 per cent drop in the last quarter of 1992. Workload exports worth around \$50m. over the last 12 months has Formal negotiations on the projects are scheduled to begin with British Coal on May 13. The quarterly survey is The union expects to secure based on a questionnaire of grants from the British governmore than 200 chartered surment and the European Comveving practices. The institumunity to establish the recycltion says chartered surveyors ing business. in quantity surveying are the professionals most likely to

see the earliest evidence of new construction activity. Rents row at Heathrow

International airlines operating from Terminal 3 at Heathrow airport have attacked BAA, which operates London's airports, for charging 'excessive' rents. The Airline Operators' Com-

mittee said that the rents charged by BAA for office space at Heathrow are more than twice the level of prop-erty rents outside the airport. The airlines claim that rents

at Heathrow's Terminal 3 have doubled in some cases during the last 5 years, while rents outside the airport have fallen

BAA said that it had agreed to look at off-airport comparisons in setting future rental levels, and that it was currently conducting a survey of tenant opinions.



NOW AND THEN: Manchester United, the club with arguably the widest international following in football, took the Premier League Championship at the weekend (left). The 'Red Devils', founded in 1878, last won the league in 1967, with stars such as George Best and Denis Law (right). The club, once devastated by the Munich air disaster of 1958 which killed eight members of the squad, won their latest trophy in front of 40,000 fans on Monday. Manager Alex Ferguson said the next target was European competition. They wou the European Cup in 1968. Manchester United plc, Page 22

BT cuts line The new company estimates link-up costs it will produce annual net BT announced cuts in the cost

of line connection for both business and domestic customers. The changes bring the cost of installing the first phone for a business with a single line down to £116.33, including VAT, from £179.49.

The corresponding reduction for home lines is from £163.75 to £116.33. The cuts will be effective from June 1 this year. The new prices are nece for BT to comply with its agreement with Oftel, the telecommunications regulator, to keep price changes on a selected range of services to 6.25 percentage points below the rate of inflation.

Further cuts are expected to ensure the telecomms company continues to comply with the present agreement which ends in July. For four years starting in August it will be expected to keep changes to 7.5 per centage points below the rate of inflation, promising fur-

ther cuts in telephone charges. BT also announced a new promotional offer. During June, customers calling for more than four minutes will have double the time for the normal price. The offer applies to direct-dialled local calls at cheap rate at certain times.

Poulson

Exporters fear appreciating sterling will abort devaluation-led recovery

By Emma Tucker, **Economics Staff**

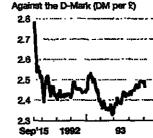
"IF THE government allows the pound to strengthen any further," said the finance director of one engineering company last week, "then it must be out of its tiny mind.

He is not alone. With the pound creeping steadily higher against the dollar and European currencies, Britain's exporters have become alarmed that the recently won competitive gains of devaluation are being put in jeopardy.

Scarcely six months have passed since sterling left the European exchange rate mechanism. After its initial plunge on September 16, the currency drifted downwards to hit a low of DM2.31 on February 24th, a devaluation of about 17 per cent from its DM2.78 floor in the mechanism.

For exporters, the pound's decline was a gift from heaven. Sterling-priced goods were instantaneously cheaper, allowing British industry to push for an ever wider share of world export trade and raising hopes for an export-led domestic recovery.

The benefits are already apparent. Last week the Confederation of British Industry, the employers' group, said exports were leading the country out of recession. It reported that in the last four months there had been a significant



increase in demand for exports, with manufacturers expecting the next four months to bring the strongest growth in orders and output for four years.

Since February, however, the pound has recouped more than 5 per cent of its value and last month broke through DM2.50. its highest level since September. Sir David Lees, chairman of GKN, the engineering company, warned that another 5 per cent "would be worrying". Mr Miles Vere-Hodge, direc-

tor of corporate finance at TL the specialist engineering group agrees: "I am concerned that if the pound goes much further than it is now, it will start to hurt exports, particularly with countries like France and Germany in recession and the US becoming more introverted.

The government seems to be giving up some of the bene-

Against the dollar (\$ per £)

fits that we gained from September's departure from the ERM," he added.

Industrialists can draw little comfort from the government's stance. Mr Lamont, the chancellor of the exchequer, has said that he does not have a target for the exchange rate but he has made it clear that he favours a strong currency.

In Luxembourg two weeks

ago he indicated that the gov-

ernment would like to see sterling appreciate, partly to offset inflationary pressures. "I wel-come strongly the recent strength of sterling," he said. Prospects for another base rate cut, perhaps to offset the pound's rise, are also weak. In his Budget speech in March.

per cent were consistent with a sustainable recovery. The Treasury points out that recovery. Do they never although the pound is now

Our Shareholders

Mr Lamont said base rates of 6

Construction

Activity in the construction low and the workload of quanslow down, according to a survey by the Royal Institution of Chartered Surveyors.

figures low

waste recycling and disposal facilities on the site of abandoned pits initially. The schemes involve the creation of a plant to convert unsorted waste into an absorbent aggregate used in industry, construction and land rec-

environmental projects

first quarter of 1993, compared

fallen by 13 per cent.

BMW link to

The Union of Democratic Mine-

workers has joined forces with

Vista Partnership, a private consortium, to launch a rescue

plan designed to create up to

900 jobs for ex-miners in new

The two sides announced

yesterday they had formed a new company - Vista-UDM Ltd which will build domestic

pit scheme

WE ALL SHARE THE SAME PLANET. SO, OUR SIMPLE AIM IS

TO MAKE THIS WORLD A BETTER PLACE TO LIVE IN.

THROUGH CREATING INNOVATIVE PRODUCTS THAT IMPROVE

BUSINESS COMMUNICATION.

By practising competition

BASED ON FAIRNESS, NOT friction. But, most of all,

BY TUNING OUR TECHNOLOGICAL

EXPERTISE TOWARDS ECOLOGICAL

CONCERNS. WITH THE EMPHASIS ON ACTION, NOT WORDS.

WE ARE ACTIVELY INVOLVED

IN RECYCLING MATERIALS. ENCOURAGING THE DEVELOPMENT

OF SOLAR POWER. PROMOTING

CLEANER MANUFACTURING PROCESSES. AND ALSO

ELIMINATING OZONE EMISSIONS

FROM OFFICE EQUIPMENT. WE ARE ALL SHAREHOLDERS

OF A PRECIOUS RESOURCE.

Canon

SO, TOGETHER, LET'S CARE.

icit

ness park in Sunderland northeast England, would have liked a windmill to power the landscaped water features but a payback of 15 years or more was a non-starter with the accountants. The shrubs and trees, flourishing in landscaped beds around the first phase of offices, will provide a pleasing green backdrop, but the police would have preferred more

security-conscious concreted sur-

faces with unimpeded views. The development lacks parking space for bicycles - an omission which cost one credit on the Building Research Establishment's "green" office rating - but letting agents are far more interested in the number of car parking spaces per square foot of office than in

> While frequently lauded as a good thing, environmental ideals are not always easy to reconcile with harsher economic and social reality,

especially in a recession.

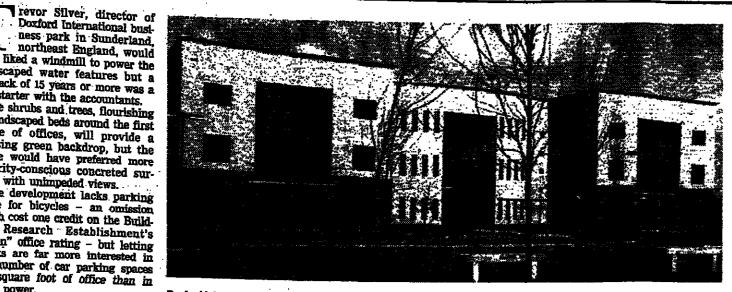
Compromise, as the first phase of the £125m business park illustrates, is inescapable. But the Sunderland enterprise zone development, the first to be assessed under the BRE's recently updated Environmental Assessment Method for New Offices (Breeam), nevertheless suggests there are commercial as well as ethical attractions in striving for improved environmental standards.

Silver says that Akeler Holdings, Doxford International's parent company, noticed a couple of years ago that institutional investors were beginning to ask for a "green statement" for new developments. Nobody, however, seemed to have

much idea what that meant. Akeler became convinced that protecting the environment was becoming commercially, as well as morally, worthwhile. Environmental quality, it decided, would be a valuable marketing tool in promoting its planned Sunderland business park, both by attracting potential tenants and by convincing them the space they leased would be ahead of, not behind, future envi-ronmental legislation.

So the company set about finding a standard against which to measure its aspiration that the Doxford development, sited on low-grade agricultural land on the urban fringe, should result in net environmental gain. The standard it used was an upgrade of the BRE's original office Breeam scheme which, since its inception in July 1990, has attracted developers of 25 per cent of all new office space in the UK, even though it is voluntary and self-

The updated Breeam, launched last January, has already attracted new schemes, mostly at design



Designer labels for buildings

A voluntary standard is giving developers the chance to mark their environmental progress, reports Chris Tighe

stage. BRE, an executive agency of the Department of the Environment, is delighted at striking a chord with developers.

"We certainly see with the update of the Breezm scheme we've moved forward the boundaries of standards," says Paul Bartlett, head of BRE's Environmental Assessment and Futures section. A building's environmental performance is not necessarily visible, he says. Breeam acts as a label.

The updated office scheme, covering global, local and indoor issues, offers developments up to 42 credits for a standard list of features, assessed by independent consultants licenced by BRE. An overall rating of fair, good, very good or excellent is also awarded. Doxford business park's first phase was rated "very good"; two of its office blocks won 34 credits, the others 33.

Provision and use of buildings has a greater impact on the global environment, says BRE, than almost any other human activity, excepting population growth. For example, it estimates buildings now account for around 15 per cent of UK CFC emissions, contributing to depletion of the ozone layer, and half of carbon dioxide emissions, adding to the greenbouse effect. The Breeam scheme aims to raise

awareness of buildings' impact on the environment, to stimulate market demand for environmentfriendly buildings, to reduce the use of increasingly scarce resources and improve the quality of buildings' indoor environment, hence the health of their occupants.

It tackles CO, emissions, acid

rain, ozone depletion, legionnaires'

disease, noise, water economy, haz-ardous materials, lighting, ventilation and thermal comfort.

The European Network of Building Research Institutes, of which BRE is a founder member, has decided to adopt Breeam as a basis for Enbreeam, a Europe-wide grad-

ing, which will take into account

national factors, such as climate

and construction techniques. The Breeam assessment charge, paid by applicants, averages between £3,000-£5,000; the total cost of the environment-friendly features which win credits ranges, says BRE, from 0 to 3 per cent of development

At Doxford's first phase, sold on to Property Enterprise Trust for £18m, Silver estimates the additional cost of environmental friendliness at around £400,000. "That isn't as frightening as it might sound out of context," he says. Some features, such as highly effi- a familiar word.

cient boilers, offer immediate savings which will be attractive to tenants; quantifiable annual energy savings at Doxford's first phase office blocks are estimated at £7,800.

However, striving for environmental quality may open up new areas of responsibility for developers. Having decided he wanted a landscaped environment - "not Fort Knox" - in which the adjacent community would take pride, Silver has been drawn into worthwhile, but time-consuming, school project work. A dog-owner, he is nevertheless ambivalent about the enthusiastic response to his landscaping from neighbourhood dog-walkers, but sees it as a small price to pay for local goodwill.

Different versions of the Breezm scheme already cover domestic buildings and superstores and a light industrial and warehouse category is being developed.

More radically, environment secretary Michael Howard launched a new Breeam for existing offices last week. "It encourages the market to move in the direction of improved environmental performance. It's a valuable tool in harnessing market forces," said Howard. In the property market of the 1990s, "Breeamed" looks likely to become

WORLDWIDE WATER

A Greek tragedy in the making

Supplies in Athens may dry up, writes Kerin Hope



vas, deputy director of the Athens water company, points to a precipitous dip on a chart showing reservoir levels in central

The decline in rainfall is so pronounced over the past six years that we're outside all the statistical patterns. We

have to assume the worst."
The prospect that the city's water supply might dry up com-pletely before the end of 1993 is focusing Greek minds on water conservation in an unexpectedly dramatic way.

From the early 1980s, the Mornos reservoir, 190km from Athens, covered almost all the capital's water requirements, estimated at about Im cu metres daily. But a run of dry winters, together with rising consumption in suburban districts and losses from an ageing distribution network, has shrunk reserves to an all-time low.

Grivas says: "It didn't help that people got wasteful, turning on the hose to wash the terrace. Water prices stayed low and there was an illusion that the Mornos was a boundless resource.'

At around 80 litres daily, per apita water use in Athens was still low by comparison with northern European cities. How-ever, since the water company sounded the alarm in January, announcing sharp price hikes for large domestic users, consumption has dropped by almost 30 per cent.

After another dry winter, Athens now survives on water from a drilling programme that draws up to 400,000 cu metres daily from subterranean aquifers. However, water quality has suffered, while there are fears that pumping from aquifers, some underlying densely inhabited areas where groundwater contains pollutants, could lead to contamination of drinking water.

Contractors working on a Dr50bn (£149m) dam project to divert water from the Evinos river, in central Greece, into the

VASSILEIOS Gri- Mornos artificial lake have been offered a bonus to complete the job shead of time, but there is little likelihood that it can be fin-

ished before 1996. Tenders are already out for shipping water in tankers to Athens from southern Greece later this year, using springs that are taxed in summer to augment water supplies to islands overrun by tour-

While the water crisis in Athens makes headlines, policymakers have ignored the drain on resources from steadily increasing mand by farmers for irrigation. Yet agriculture accounts for more than 70 per cent of water consumption in Greece, compared with about 12 per cent for domes-

"The situation is made worse because there's no co-ordinated policy in the countryside"

High EC support prices for crops needing irrigation, such as cotton and maize, encouraged Greek growers to switch from traditional products. Moreover, with politicians unwilling to risk losing votes by charging farmers for water, irrigation costs were kept artificially low.

The result has been a steady drop in ground water levels, leading to increasing salinisation in intensively cultivated areas such as the Thessaly plain in eastern

"The situation is made worse because there's no co-ordinated policy on water resources in the countryside. Each municipality is responsible for its own drillings, so you may find several tapping independently into the same aquifer, with potentially disastrous results," says Vassilis Katsoupas of the Worldwide Fund for

The official solution for Thessaly is a controversial project to divert up to 30 per cent of the

Acheloos river water flow from western to eastern Greece.

However, opponents of the Dr83bn project, which also calls for the construction of two dams and four hydro-electric power stations on Acheloos, say the diversion will dry out wetlands around Messolonghi on the western coast, a breeding ground for rare birds

and a fish-farming centre. "The issue is not to increase the water supply for agriculture, but to encourage farmers to use less wasteful irrigation methods. With powerful sprinklers, a high percentage of water is lost through evaporation," Katsoupas says.

If managing water resources is an emerging problem for main-land Greece, it has long been recognised on the islands. Chronic water shortages are seen as the leading constraint on raising the

quality of tourist facilities.

With the population of smaller islands liable to quadruple at the height of the tourist season, the choice for local authorities lies between investing in a desalinisa-tion plant, often a noisy eyesore in a small-scale environment, or paying high prices to secure an adequate tanker supply.

Per capita water demand rises sharply from around 100 litres daily at a moderate hotel to more than 600 Kitres daily at a luxury resort.

Large hotels are required to install treatment facilities for waste water, which should create additional supplies for garden maintenance and other uses. Yet hotels on the Greek islands often flout the regulations because it still costs less to pay a high water bill than to keep treatment plants in regular operation.

Beb Jeftic, chief marine scientist at the UN Environment Programme's Mediterranean Action Plan co-ordinating unit, says: "Even on islands, where tourism has replaced farming, aquifers are often depleted and sea water encroaches. The most important way of husbanding resources is to ensure that every drop of waste water is treated by hotels and re-

PEOPLE

Poulson to move to Farnell

Howard Poulson. executive of Volex, the electrical and electronic connection products group, has been appointed group chief executive at Farnell Electronics, the Harrogate-based electronic components and equipment manufacturer and distributor. Poulson, aged 50, is expected to take up his new appointment before October. He joined Volex in 1990 as managing

director and chief executive and has played an important role in revamping the group. Having graduated in engineering and metallurgy from Imperial College, London, he entered industry by joining Lucas in 1964 and was technical director of Lucas Industrial Systems between 1981 and 1985. Before joining Volex, he worked for Dobson Park Indus-

tries, where he was main board

director responsible for the

industrial electronics division.

Insurance

moves



His appointment to Farnell is seen as a further indication that the group, which once had a reputation for being a somewhat introverted business, is now much more outwardlooking and determined to con-

tinue its expansion. Farnell has been looking for a group chief executive since Richard Hanwell became chair-

figure from the City to help implement its much heralded

business plan. Geoff Morgan

(left), 48, is the first ever director of human resources at the

Lloyd's Corporation, the body

which regulates and adminis-

trates the insurance market.

Morgan, who will be responsi-

ble for personnel and training,

is the fifth member of a senior

directly to Peter Middleton,

chief executive. Previously he

spent seven years at Lloyds Merchant Bank, and nine years

at JP Morgan, the US invest-

ment bank. A psychology and

sociology graduate, Morgan

started his career with Ford

Motor Company.

Lloyd's of London has Robbie Graham has been

recruited another well-known appointed deputy group actu-

man in June last year in succession to Ray Kidd. Hanwell's arrival was quickly followed by the acrimonious departure of Eric Hall, the previous chief executive of Farnell's manufacturing division. Since then the new chairman has restructured Farnell's

manufacturing division, dividing it into three product sec-tors, each with its own managing director and with Andrew Lamming as divisional chief executive Farnell also amounced yes

terday the promotion of Chris Emptage, 43, from deputy to managing director of the UKbased Farnell Electronics Components company, the largest and most profitable business in

the group.

Allan Daniel, currently managing director of FEC, will now concentrate fully on his role as chief executive of the coredistribution division.

ary at Commercial Union with

effect from July 1. Graham,

who is in his early 40s, is a Fellow of the Institute of Actu-

aries, and currently director of

financial management and

operations, life assurance.

within the UK division of CU.

He will succeed Howard Webb

as group actuary when Webb

retires a year later on July 31

■ James Morgan, formerly

chief executive of Highlands

executive of AXA MARINE

■ Adrian Platt has retired

from the group board but

remains a director of

SEDGWICK Group

AND AVIATION.

Insurance Company, has been appointed md and chief

■ Sir Harry Solomon, the 56-year-old who has recently retired as chairman of Hillsdown, the international food group of which he was a co-founder, has joined the board of FROGMORE ESTATES, a property

> the company is through Dennis Cope, who is both chairman of Fairview, a housing subsidiary of Hillsdown, and chairman of Frogmore. James White, chairman of the Ashley Group, at The MILLER INSURANCE GROUP. ■ The Lord Geddes has retired from FABER PREST. ■ Alan Brooks, a director of

Sir Harry's connection with

Non-executive

directors

BPB Industries, at ANGLO UNITED. Eric Clark, chairman and md of BICC Cables, at NORTH WEST WATER. Sandy Saunders at FARRINGFORD, having stepped down as executive

■ Viscount Chandos, a director of Kleinwort Benson, at CAPITAL AND REGIONAL

■ Richard Byre, md of Capital Radio, at METRO RADIO GROUP. ■ Richard Archer, Dun & Bradstreet's president for Europe, the Middle East and

Africa, at ERDMAN LEWIS. John Emly at The FLEMING INCOME & CAPITAL INVESTMENT TRUST on the resignation of Simon Walters.

Richard Fitzalan Howard at The FLEMING FLEDGELING INVESTMENT TRUST; Richard Templeton has retired.

Sir Michael Joughin has resigned from SCOTTISH HYDRO-ELECTRIC.

The Shareholders of

SKANDIA GROUP INSURANCE COMPANY LIMITED

are hereby invited to attend the Annual General Meeting to be held on Thursday 27th May, 1993, at 4.30 p.m. (Swedish time) in the Stockholm Concert Hall, Hötorget, Stockholm, Sweden.

The Agenda will, amongst other matters, include the following items of business:

- Election of a Chairman to preside over the
- Verification of the voting list
- Election of a person to check and sign the Minutes together with the Chairman
- Decision as to whether the Meeting has been properly called - Presentation of the Annual Accounts and the
- Auditors' Report, as well as of the Consolidated Accounts and the Consolidated Auditors' Report
- Adoption of the Profit and Loss Statement and the Balance Sheet, as well as the Consolidated Profit and Loss Statement and the Consolidated Balance Sheet
- Appropriations of the Company's profit or loss according to the adopted Balance Sheet
- Discharge from liability of the Directors and the Managing Director
- Determination of the number of Directors and their Alternates who shall be elected at the
- Election of the Directors and their Alternates
- Determination of the number of Auditors and their Alternates
- Election of the Auditors and their Alternates
- Determination of the emoluments of the Directors and Auditors
- Decision regarding two changes in the Articles of Association in connection with the transfer of portfolios from the wholly owned subsidiaries Skandia Insurance Company Limited and Skandia Industrial Insurance Company Limited
- the Company's name be changed from Skandia Group Insurance Company Limited to Skandia Insurance Company Limited with the corresponding changes in Swedish, German, French and Spanish and

- the Company's object clause be amended so that the Company may also write motor third party liability insurance

Right to participate

TO BE ENTITLED to participate in the Annual General Meeting, shareholders must:

- be recorded as shareholders in the Shareholders' Register issued by the Swedish Securities Register Centre (Värdepapperscentralen VPC AB) as at Monday 17th May, 1993,

- notify the Company of their intention to participate in the Annual General Meeting not later than 4.00 p.m. (Swedish time), on Monday 24th May, 1993.

Notification of intent to participate in the Meeting should be made in writing to Skandia Group, Corporate Law, S-103 50 Stockholm, Sweden, or by telephone:

Int +46-8-788 3262 or 788 2966.

SHAREHOLDERS WHOSE SHARES are held in trust by a bank or private broker must register their shares in their own names to be able to participate in the Annual General Meeting. Such registration must be completed not later than Monday 17th May, 1993. Shareholders are advised to notify the trustee without delay of their intent to register their shares.

A SHAREHOLDER MAY vote at the Annual General Meeting in person or by proxy. Such proxies shall be in writing, and shall be dated, and may not be older than one year. Shareholders wishing to vote by proxy should submit their forms of proxy to the Company. Forms of proxy may be obtained from

THE BOARD OF DIRECTORS proposes that no dividend be paid to the shareholders for the financial year 1992.

STOCKHOLM, APRIL, 1993

The Board of Directors

Skandia Group Insurance Company Limited

WE'RE THERE TO RELY ON IN TEL AVIVAND TOKYO.

In fact the Tokyo edition of the Financial Times is in the hands of its readers some seven hours ahead of Europe. Wherever your business takes you, rely on the FT to be part of your business briefing. It's in hotels and on newsstands all over the world. Any problems call the FT Copyline on 49 69 15685150.



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bore ear

an seeks

from the market place, though, are

Arthur Andersen, the accoun-

tancy firm, for example, has already

invested an estimated \$10m (26.4m)

that this is not a passing fad.

hat did South-West Airlines of the US learn from studying pit crew performance at the Indy 500? And why did the Granite Rock company look to automated teller machines (ATMs) for a model to improve their gravel loading techniques? The clue to both answers is benchmarking, a strategic management tool which is currently one of the hottest-selling management consultancy services in Europe and North America.

Best defined as the continuous measuring of a company's products. services, processes and practices against those of its most successful competitors, or against companies recognised as industry leaders, benchmarking has been around for 15 years. But global competition and the tough markets of the 1990s have sparked a new interest in how it can help companies achieve supe-

Benchmarking is increasingly found alongside total quality management and business process re-en-gineering - two other "big ideas" being promoted as the key to greater efficiency - and is being widely applied in the public sector as part of the UK government's

market-testing programme.

A recent survey of the top 1,000 UK companies by Coopers and Lybrand and the Confederation of British Industry found that more than two thirds of the 105 respondents from the manufacturing, service and other sectors claimed to practise benchmarking and that 82 per cent of those who do believed it had been successful. (Eighty per cent of Fortune 500 companies "benchmark" in one form or another.) Sixty eight per cent said they were planning to increase investment in benchmarking in the next five years.

The challenge for today's benchmarking evangelists is that the idea has sometimes promised more in the past than it could deliver companies which enthusiastically embraced the concept in recent years have too often been disappointed by the results. Consultants therefore tend to stress the depth of the commitment required and the importance of internal preparations before benchmarking begins.

In a crude way Walter Chrysler. the US car maker, was benchmarking when he tore apart a new Oldsmobile model to determine what went into it, how much it cost and how it was made.

But the birth of benchmarking as understood today is generally credited to Xerox, which by the 1980s was using it to confront and overcome the Far Eastern challenge to its dominance in the worldwide copier market. Other big US corporations such as Boeing and Motorola were quick to implement many

Companies are enthusiastically embracing the concept of benchmarking, writes Tim Dickson

A measure of success

THE ONLY INDUSTRY BENCHMARK THIS COMPANY MIGHT BE NOTED FOR IS THE SIZE OF YOUR EXPENSES



for benchmarks such that 90 per

cent of effort has been spent on the

creation and analysis of metrics,

and 10 per cent on change,"

observes Victor Luck, head of com-

merce and industry consulting services at Coopers. "It should be the

As with all fashionable manage-

ment techniques, peer pressure and the fear of missing out may have

something to do with it. Indications

other way round.

of the same techniques. Xerox was among the first to appreciate that benchmarking need not be restricted to manufacturing - nor indeed to direct competitors.

It is only recently, though, that the emphasis has moved away from preoccupation with performance measures to finding out what gives leading companies their competitive edge. "In our opinion the subject has been dominated by the search

of cash and partners' time in its proprietary and centralised Global Best Practices Knowledge Base. The information - a resource for Andersen's people to use in helping cli-ents rather than a service to be shared externally - is being compiled from external benchmarking studies, from Andersen's surveys (such as cost management in the automotive industry and meter reading in the utilities sector) and from partners' insights.

Between 300-400 partners and managers are involved in compiling the database, which so far has benchmarking information on 18 detailed business processes, ranging from customer satisfaction and processing customer orders to obtaining materials and supplies.

Most experts agree that while companies within the same group can be a useful starting point - and competitors are also an inevitable focus - benchmarking should not be limited to like organisations. As Xerox discovered, non-competitors may be more willing to share information on a quid pro quo basis. Moreover, the most relevant information is often not the actual numbers but the qualitative information about how things are done and in

The insights which South-West gained by studying pit crews on the Indy 500 circuit, helped the airline reduce the turnround time of its aircraft (from arrival at the gate to "push back" for the next flight) from 30 minutes to 15 minutes. Granite Rock decided its loading process was a similar challenge to that faced by the banking industry - involving accurate accounting and a need for speed and convenience for the user. Granite Rock drivers now use ATM-like cards and the process is simpler, faster and more reliable.

Benchmarking, however, has its limitations. Used solely to emulate rather than beat competitors, the advantages may be short lived. It can be difficult to obtain relevant details about competitors and doing so can be costly in time and money.

It remains to be seen how deeply benchmarking becomes ingrained into western management thinking. After all, however much its disciples say benchmarking is about sharing and co-operation it may smack of imitation or even industrial espionage to others. That said, the likelihood is that benchmarking will leave something of lasting value even after the current enthu-

Examples of benchmarking practice will appear on this page shortly.

How do you rate on the common sense scale?

Adrian Furnham looks at this elusive quality

sense as the collection of prejudices people have accrued by the age of 18, while Victor Hugo maintained common sense was acquired in spite of, rather than because of, education. Common sense, by definition, is supposed to be the most widely distributed quality in the world and nearly everybody believes

they have a good measure of it. Many selectors look for, and all managers are supposed to have. common sense. But what is common sense in the manager's world? And if management is com-mon sense, why bother to teach it? The so-called "discipline" of management science often has low status in business schools, partly

because the hard men of figures despise the soft waffle of organisational behaviour.

Management science is thought to be a trivial, expensive and pointless exercise in describing or proving what we already know. All findings are intuitive, unsur-prising and uninformative; worse it is packed with esoteric jargon which obfuscates common sense in the pretence of clarifying it.

But there are serious problems with the common sense argument. First, common sense is frequently contradictory. "Clothes make the man" is at odds with "You can't make a silk purse out of a sow's ear". "Out-of-sight, out-of-mind" and "Absence makes the heart grow fonder" also seem contradictory. Although it is possible that both are true under different circumstances, common sense does not tell you which.

Second, if all management is common sense, nothing can be the result of faulty reasoning. Research in the social sciences is full of such examples and it would not be surprising if some aspects of management science were the same; that is, the opposite of com-

It could be argued that current management knowledge is absorbed from management science as it is frequently popularised in newspapers and magazines. Thus, ironically, common sense could be the result of the ideas of management science being commented on in the popu-

instein defined common lar press. A frequently discussed finding from research cannot remain non-obvious to managers, any more than a joke can remain funny to people who hear it again and again.

If all management is common sense and most people supposedly have this curious trait, why do they disagree on issues, processes and procedures?

When managers try to specify the "competencies" essential for high-flyers in a company, many are tempted to include common sense, despite the fact that it is almost impossible to define, measure and select. It may indeed be like the search for the Holy Grail long-standing, complicated and unsuccessful.

But why not test yourself? Are the following statements true or false? Mark them accordingly and see how you rate on the common

Common sense is supposed to be the most widely distributed quality in the world

sense factor. 1. If you pay someone for doing something they enjoy, they will

come to like this task even more. 2. Most people prefer challenging jobs with a great deal of freedom and autonomy. T/F

3. Most people are more concerned with the size of their own salary than with the salary of others. T/F 4. In most case, workers act in ways that are consistent with their attitudes. T/F

5. In bargaining with others, it is usually best to start with a moderate offer - near to the one you desire. T/F 6. In most cases leaders should

stick to their decisions once they have made them, even if it appears they are wrong. T/F 7. When people work together in groups and know their individual contributions cannot be observed,

each tend to put in less effort than when they work on the same task alone. T/F 8. Even skilled interviewers are

LEGAL NOTICES

sometimes unable to avoid being influenced in their judgment by factors other than an applicant's qualifications. T/F 9. Most managers are highly democratic in the way that they super-

vise their people. T/F 10. Most people who work for the government are low risk takers.

11. The best way to stop a mailcious rumour at work is to present covering evidence against it. T/F 12. As morale or satisfaction among employees increases in any organisation, overall performance lmost always rises. T/F

13. Providing employees with specific goals often interferes with their performance: they resist being told what to do. T/F 14. In most organisations, the struggle for limited resources is a far more important cause of conflict than other factors such as

interpersonal relations. T/F 15. In bargaining, the best strategy for maximising long-term gains is seeking to defeat one's oppouent. T/F

16. In general, groups make more accurate and less extreme decisions than individuals. T/F 17. Most individuals do their best work under conditions of high stress, T/F 18. Smokers take more days sick

leave than do non-smokers. T/F 19. If you have to reprimand a worker for a misdeed, it is better to do so immediately after the mistake occurs. T/F 20. Highly cohesive groups are also highly productive. T/F

orrect answers to questions 1-5 F, 6-10 T, 11-17 F, 18-19 T. 20 F. Score of five or less, why not try early retirement? Score of six to 12 perhaps you. should consider an MBA. Score of 13 to 15, pretty average but no room for gloating. A score of 16 or above - yes indeed, you do have that most elusive of all qualities:

managerial common sense. Common sense might be a desirable thing to possess in the world of management, but do not kid yourself that it is widespread.

THE HISOLVENCY ACT 1966
THE CONTRACT CORPORATION (UIS) LIBERTED tracking as TARGET RECRUITMENT INCIDENCE IN 19625 GAINN paraware to Section 98 of the brockware Act 1998, total a Viceling of the Credition of the shown-ware for Company will be read at Single & Company, 329 Operative Victims Sitters, London ECAN 456 on Thursday, 137 May 1991 at 2 30p mt to the percentage and ordered in Section 1995 to 101 of the said Act. A lost of the names and extension recruit of the Company in credition will be exhibited for repection in recruit of the company in the Company and Operation of Single & Company and Operation section of Single & Company and Operation section (1994). The May 1993 and the company and Company a

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The author is head of the Business Psychology Unit at University Col-

NOTICE OF EVENT OF DEFAULT **DECLARATION OF DEFAULT AND** NOTICE OF CALLING OF MEETING OF DEBENTURE HOLDERS

Holders of 1044% series 2 debentures due March 23, 1993

GENERAL TRUSTCO OF CANADA INC. Trust Indenture dated January 15, 1987 as supplemented

We hereby give notice that General Trustco of Canada Inc. (the "Company") is in default pursuant to the provisions of the Trust Indenture dated January 15, 1987, as supplemented by a First Supplemental Trust Indenture dated March 3, 1988, providing for the issuance of the 101/4% series 2 debentures due March 23, 1993; by a Second Supplemental Trust Indenture dated January 5, 1989, providing for the issuance of 1012% series 3 debentures due January 5, 1994; and by a Third Supplemental Trust Indenture dated April 15, 1992, providing for the issuance of 8% unsecured convertible series 4 debentures due May 20, 1999 (the series 2, series 3 and series 4 debentures shall hereinafter be collectively referred to as the "Debentures").

In conformity with the requirements of section 6.02 of the Trust Indenture, we hereby give notice that an Event of Default, as defined in the Trust Indenture, has occurred in respect of the Debentures. The Event of Default results from the failure by the Company to reimburse the principal amount of the 101/4% series 2 debentures due March 23, 1993.

Concurrently with this notice and in our capacity as Trustee, we have sent a declaration to the Company pursuant to the provisions of section 6.03 of the Trust Indenture, to the effect of rendering immediately payable the principal amount of the 104% series 3 debentures due January 5, 1994 as well as the principal amount of the 8% unsecured convertible series 4 debentures due May 20, 1999.

As Trustee, we have retained the services of the law firm of Lavery, de Billy as legal counsel to ensure the protection of the interests of the holders of the Debentures; negotiations with the Company to that effect have commenced. You are hereby further notified that a meeting of the holders of the Debentures will take place on May 25, 1993 at 10:30 a.m. at The

Sheraton Centre, 1201 René-Lévesque Boulevard West, East Ballroom, Montreal, Quebec, which you are invited to attend, in order to discuss the position of the holders of the Debentures, to consider the various alternatives open to the holders of the Debentures to protect and defend their rights in connection with the Event of Default and, if deemed necessary by the holders of the Debentures, to adopt the requisite resolutions or to subscribe to the issuance of directives addressed to the Trustee relating to the Event of Default and to the taking of the appropriate remedial measures. Holders of 101/4% series 2 debentures due March 23, 1993, which are issued in bearer form, will be required to produce proof of their

ownership of such debentures in order to attend the meeting and to vote in respect of such debentures. They may do so by presenting their debentures at the meeting or by depositing same with the Trustee at the office indicated below or at the Offices of the Paying Agents as follows, at least 48 hours before the meeting:

Banque Internationale à Luxembourg S.A. 2 Boulevard Royal, B.P. 2205 L-2953

Banque Bruxelles Lambert S.A. Avenue Marnix 24 B-1030 Brussels, Belgium

Royal Bank of Canada 71 Queen Victoria Street London, England EC4V 4D3

National Bank of Canada 600 de la Gauchetière West Montreal, Canada H3B 4L2

Luxembourg

Swiss Volksbank Bahnhofstrasse 53 CH-8021 Zurich, Switzerland

Upon such deposit, you shall receive certificates of deposit which you or your representative must then produce at the meeting. Alternatively, receipt by the Trustee of satisfactory confirmation of the deposit by you of the debentures with a financial institution acceptable to the Trustee may constitute proof of ownership. You are invited to contact us in order to verify the acceptability of your present arrangements.

Should you be unable to attend such meeting, you may be represented by the person of your choice. To that effect, you may wish to execute a mandate in order to name any person of your choice as your representative to attend the meeting and, if deemed necessary. to subscribe on your behalf to any directive addressed to the Trustee or vote on your behalf on such matters as may properly come before the meeting, the whole with a view to protect your best interests.

You may acquire the mandate documents from the offices of the Paying Agents listed above or of the Trustee. If you wish to be so represented, please inscribe the name of your chosen representative in the space provided for this purpose, sign the documents in front of a witness and return same to us, at the address indicated below, at the latest the day before the meeting. Holders of 10/4% series 2 debentures due March 23, 1993 will have to ensure that their representative has satisfactory proof of the holder's ownership of the debentures by the holder in question. To that effect, you can always attach the certificate of deposit to the Mandate prior to sending the latter.

You may not choose Montreal Trust Company as your representative.

You may still revoke any mandate so given by attending the meeting and by voting thereat personally.

Dated May 5, 1993

Montreal Trust Company Corporate Trust Services, 5th Floor 1800 McGill College Avenue Montreal, Quebec CANADA H3A 3K9

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

MAXWELL COMMUNICATION CORPORATION plc. ci al., Debiors

Chapter 11 Case No. 91 B 15741 (TLB) Jointly Administered

NOTICE FIXING TIME FOR THE FILING OF ACCEPTANCES OR REJECTIONS OF THE PLAN. OF THE HEARING ON CONFIRMATION OF THE PLAN, AND FOR FILING OBJECTIONS TO CONFIRMATION

TO ALL CREDITORS, EQUITY SECURITY HOLDERS AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that on Aprd 2s, 1903, the United States Bankroptcy Count for the Southern District of New York (the "Court"), approved the proposed Debtor's Disciosure Statement in Relation to Plan of Recognatization and Related Schemen of Arrangement for Maxwell Communications Corporation pic, dated February 2s, 1903 and filed by Andrew Mark Homes, Colla Grabans Bind, Jonathan Gay Ambour Phillips and Alass Rae Dabbiel Jamuson, joint administrators (the "Joint Administrators"), as sent-niced and filed on April 2s, 1993 and modified as reflected on the record of the April 2s, 1993 bearing (as so approved, the "April vol. Phillips and Action and Statement,"), as containing adequate information to canabic creditions of the above-captioned Debtor in make as Informed padyment about the Debtor's Chapter 11 Plan of Reorganization dured February 11, 1993 the "Plan"). The Court also approved certain supplemental materials in connection with the edicination of acceptances of the Plan and the forms of ballot for those creditions estimated to vote on the Plan. PLEASE TAKE FURTHER NOTICE that by order of the Court abord April 2s, 1993 the "Plan"). The Court also approved certain supplemental part Plan and the forms of ballot for those creditions are directed to remains to all holders of Class 3A Claims, the United States Trustee, and all parties who have filed and served requests for notice, on or before May 14, 1993, by regular mail or air mail, copies of the Order, the Approved Disclosure Statement, the Plan, the Scheme, the Explanatory Statement and certain of the approved supplementary soluciation trustrials, including ballots (for those emitted to work.)

PLEASE TAKE FURTHER NOTICE that provant to the Order, the only works that will be counted see those that are properly completed, executed, marked and except of Dutin, Recand & Company, the assign of MCC, at the UK Creditors Societies, which will be their at The Cafe Royal, 68 Regent Street, London WI, England on Jely 1, 1993 at 2:30 (London time, or, with respect

PLEASE TAKE FURTHER NOTICE that pursuant to the Plan, the following classes of creditors are designated as unimpoired:

Class 1: U.S. Prioray Claims and
Preferenant Liabilities

Class 2A: Allowed Sect-off (Justin
Class 2B: Allowed Sect-off (Justin
PLEASE TAKE FURTHER NOTICE that pursuant to the Plan, the following classes of creditors are suspaired, will receive no distributions and retain no
property on account of the Plan and size therefore deemed to have rejected the Plan in accordance with section 1126(g) of the Bankruptcy Code:

Class 3B: Allowed Subordinated (Claims

PLEASE TAKE FURTHER NOTICE that pursuant to the Plan, Rule 3018(a) of the Federal Rules of Bankruptcy Procedure, Section 302(a) of the
Bankruptcy Code, and the Order, a boider of a Clars 3A Claim will only be entitled to vote on the Plan to the extent that such Claim has not been objected to
by the Debtor for voting purposes whith 10 sky- of receipt of the ballor. The Joint Administrators will give written notice of objections to the creditor and
the notice of objection shall state the amount of the claim, if any, which the Joint Administrators are prepared to allow for voting purposes. A claim to which
the Joint Administrators have objected will be metagable for voting unless allowed for such purposes by the Court. Rule 3018(a) of the Federal Rules of
Bankruptcy Procedure further provides that:

Notwathstanding objection to a claim or interest, the court after potice and a bearing may remnorably allow the claim or interest, in an

Bankraptey Procedure further provides that:

Notwathstanding objection to a claim or interest, the court after notice and a bearing may remporarily allow the claim or interest in an amount which the court deems proper for the purpose of accepting or rejecting a plan.

Any motion, pursuant to Rule XII(%) of the Federal Rules of Bankrupey Procedure, for allowance of a claim for voting purposes shall be heard before the Honorable Tiss a Bragman, United States Bankrupey Judge, on July 8, 1993 at 2.00 p.m. in Room 621-2 at the United States Bankrupey Court for the Southern District of New York, Alexander Hamilton U.S. Castoon Hones, One Bowling Green, New York, New York 10004-1408.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order, Section 1128 of the Bankrupey Code and Rule 3020 of the Federal Rules of Bankrupey Procedure, a bearing will be held to consider confirmation of the Plan before the Honorable Tiss L. Broaman, United States Bankrupey, on July 14, 1993 at 10:00 a.m. in Room 621-2 of the United States Bankrupey Court for the Southern Districts of New York, Alexander Hamilton U.S. Castoon House, One Bowling Green, New York, New York 10004-1408 (the "Confirmation Hearing"). The Confirmation Hearing may be adjointed from time to time to time to time of the the other than by an announcement of such adjournment in Court on the date scheduled for the Confirmation Hearing.

PLEASE TAKE FURTHER NOTICE that pursuant to the Order, any and all objections to confirmation of the Federal Rules of farth with particularity the basis therefor; [c) shall set farth with particularity the basis therefor; [c) shall set farth with particularity the basis therefor; [c) shall set farth with particularity the basis therefor [c) shall set farth with particularity the basis therefor [c) shall set farth with particularity the basis therefor [c) shall set farth with particularity the basis therefor [c) shall set farth with particularity the basis therefor [c) shall set farth with particularity the basis therefor [c) shall set fart

BY ORDER OF THE BANKRUPTCY COURT; HONORABLE TINA L. BROZMAN

United States Bankrupicy Indge United States Bankrupicy Court

Milbank, Tweed, Hadley & McCley Attorneys for the June Administrator One Chase Manhattan Planta New York, New York 10005-1413

William Forr & Collegho Council of Revert to MCC One Ciricorp Center 153 East 53rd Succe New York, New York 18022-4469 Atia: Dogga Lieberman, Esa.

Hebb & Gidin Counsel to the Examiner One State Street Hartford, Connection Unit(03-3178

Wachtell, Lipton, Rosen & Katz Counsel to the UK Creditors Com 200 Park Avenue New York, New York 10171 After, Meyor G. Kuptow, Esq.

Office of the United States Trasles 90 Broad Street New York, New York 100x14 DATED:

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Concert Quilt Songbook in San Francisco

When the American baritone William Parker found his career, as well as his body, ravaged by the AIDS virus, he again turned to song and conceived the idea for The AIDS Quilt Songbook. He commissioned from leading composers and poets a still-growing collection of songs that, like the panels in the Names Project quilt, remember individuals who have died of AIDS.

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Professor

Like the quilt's panels, the Songbook songs are performed in whatever configuration best suits an occasion. The 16 songs recently performed during the San Francisco Symphony's "Wet link" new-music festival turned out to be, among other things, a memorial for Parker himself, who died in New York on March 29 at the age of 49,

The musically exemplary performances by the baritones Kurt Ollmann, David Evitts, and Andrew Solomon-Glover were unified by the deeply sympathetic planism of William Huckaby, an associate of the project from its inception. The songs (soon to be published by Boosey and Hawkes) ranged from the sweetly elegiac (Ned Rorem's A Dream of Nightingales") to the ragingly defiant (Donald Wheelock's "Fury"). While each poem and its setting captured an aspect of grief, some inevitably left longer echoes in memory.

Solomon-Glover intoned John Harbison's "The Flute of Interior Time" in a rapt hush. Ollmann, who captured the specific consolation in Thom Gunn's "The Reassurance" (set by Donald the thread of a Chinese proverh embedded in the Ron Schreiber text of Carl Byron's. "the birds of sorrow." Evitts masterfully delineated the desultory undertow in William Bolcom's bluesy "Vaslav's Song" and kept listeners hanging on the heartbreaking narrative of Lee Holby's "Investiture at Cecconi's."

Throughout, the powerful texts told, even across difficult musical idioms. Sad lines, like "Paul Jacobs is playing Busoni on the radio" (from Chris De Blasio's "An Elegy to Paul Jacobs") were wrenching. Yet the most memorable words were the hard ones, like the rapier word-play of poet Charles Barber's "Death be nimble – life was quick" in St Pierre's "Fairy Book Lines." Even a San Francisco concert audience was pommelled by poet Melvin Dixon's tough talk "Night sweats. Dry cough/ Loose stools. Weight loss." rendered with uncompromising force by

The music was deeply ersonal. If some of it seemed ess than external, it bears remembering that no one wanted to have to write this ausic, and that the participants would like nothing more than for this music to become unnecessary

Timothy Pfaff one character says, "This might sound unfair but it's only a hair

bout two years ago at the Edinburgh Festival, Channel 4 was under its automor-critical attack for abandon-impovative ing its remit to provide innovative and minority interest programmes. After a lively session in which I was called on to defend our programming called on to derend our programming policy, I overheard two producers discussing the issue. "The trouble is," said one, "you can't argue with Grade because all he does is quote

programmes at you."
As with politics and business, the arts and sport, perception is every-thing and television is no exception. An idea, usually negative, gains currency and there is no way to shift that perception. All you can do is ride the waves of criticism and hope the "perceptionists" move on to find a new target. Not even Sir Tim Bell and the expensive spin doctors can turn the tide of generalisation and prejudice once it starts to roll.

Evidence is irrelevant. Facts are selected to suit the general perception and whenever television is discussed, convenient examples are easy to come by. Each of the four terrestrial channels transmits an incredible range of good, bad and indifferent programmes each week. By a process of careful selection, anyone can make a case for or against any of the TV channels. Let me demonstrate: it could be argued that BBC 2 is no longer the cultural force that it was. It is failing

to maintain its own standards of

originality and innovation. It is a

channel of endless snooker, tired

"Now, as one of the last gasps of full-blown Thatcherism, Channel 4 has been driven into the market

This judgment of BBC 2 is, of

Dunkley used this column to write an open letter to Michael Jackson, the new Controller of BBC 2. Dunkley made it clear that he regards BBC 2 as the best and the most precious of all our channels. It was an encomium about the channel and a

Fair enough. There is nothing so scarce in the media these days as praise (ask Martyn Lewis). Dunkley cares about BBC 2 and is not afraid to use his regular Wednesday column to say so. He is a critic whose opinion counts for something after all these years of box watching for the Financial Times. I, too, value BBC 2, both as a licence payer and a

But, but, but...his perception of

Television/Michael Grade

Perception is the name of the game

American reruns (MASH and Star Trek); safe old formats (Top Gear, Dr. Who and Gardeners' World); and a string of talent and ideas pinched from from Channel 4 (Harry Enfield, Clive James, Ben Elton, Ruby Wax, Vic Reeves, archive nights and Valentine's Day seasons, etc etc).

course, a travesty - just a highly A few weeks ago Christopher

thinly veiled warning to Jackson not

BBC 2's rival, Channel 4, was, well, simply perception and every bit as false as my cheap characterisation of den shift of policy in response to our BBC 2 earlier. Dunkley wrote: new competitive status. Of the American imports he cites, neither Mork and Mindy nor Wonder Years plays in peak time, which he says is

place and obliged to compete for its where the danger lies. own slice of advertising cake. As you might expect with Michael Grade in He makes no mention of Cheers and Roseanne, two of the freshest charge, it is proving a pretty effec-tive competitor and is regularly achcomedy shows available anywhere, more witty and consistently funny ieving an audience share of around than anything to be found on British 12 per cent instead of the 9 to 10 per television. Why should we apologise cent that it used to get. Whatever for spotting them and bringing them the people at Channel 4 may bravely to Britain? The best American comeproclaim about sticking to the dies have graced the channel from famous 'remit' to 'be different' and the beginning. 'cater' for 'minorities', I think we And so to ratings - he cites Chan-

nel 4's current surge in popularity as evidence of a decline in standards. But what is BBC 2's audience share? In the last full calendar year (the only meaningful measure) Channel 4 and BBC 2 were neck and neck at just over 10 per cent. So Channel 4 has, after 10 years, caught up with BBC 2 (and we have abandoned snooker). In Mr Dunkley's world, why is it OK for BBC 2 to have ten per cent, but not Channel 4? Dunk-ley's "law" suggests that we should not have taken on the recent season peak time documentaries, drama and features about the homeless because it contributed to a record

week of ratings for the Channel. I

might understand his concern if Channel 4's share had leapt past BBC 2 to, say, 20 per cent.

Another flaw in his perception, or rather lack of it, is his belief that in peak time Channel 4 will have to become like the other main commercial channels. But, Mr Dunkley, if our ratings are growing (which they have been for two years) why on earth would we want to change?

It would be commercial suicide for Channel 4 to try and copy the other big channels. We would get crushed. Our commercial success depends on offering both the audience and advertisers something different. This is the policy of the Board of Channel 4 and on the evidence of the first few months of competitive selling, it is working a treat.

And so, without apology, to pro-rammes. Here are some facts about the all important peak time: we run 50 minutes of the nightly Channel 4 News. and factual programmes dominate between 8.00 and 10.00pm; we run arts programmes (Without Walls and Rear Window); we run current affairs (Dispatches, Black Bag, A Week in Politics, The World This Week, etc); we run documentaries (Cutting Edge, Short Stories, True Stories, Critical Eye, Secret History, etc, etc); we run our own entertain-

ment (Drop The Dead Donkey, Whose Line Is It Anyway, Clive Anderson Talks Back, Paul Merton, etc., etc.); we run education (Pulse, Eat Your Greens and Grow Your Greens, Our Back Yard, etc); we run drama (GBH, Big Battalions, Camomile Lawn, Lipstick On Your Collar - plus short films by new writers and Film On Four, without which there would he even less of a British film industry). Not to mention special seasons, like the recent Gimme Shelter on the homeless - which, of course, Mr Dunkley did not. Religion, British animation, Opinions, foreign films, operas old and new - I could go on and on. I do go on and on, but then programmes are the only worthwhile evidence.

In the calendar year 1992, Channel 4's top 20 programmes included only three American comedies (at numbers 13, 16 and 17). The top five programmes were three home produced documentaries, a drama series and an ITV repeat. So, there goes the 'Channel 4 is all quiz games and

imports" theory.
Oscars and Emmies from the US BAFTA awards and pots galore from all over the world count for nothing. Mr Dunkley chose to ignore all the above evidence. It just did not meet his perception and to him perceiving is believing. He is, nevertheless, a splendid commentator on the affairs of British television. But that is just my perception.

■ Christopher Dunkley is on holiday. Michael Grade is Chief Executive of

Theatre/Andrew St George

Magic realism in 'The House of the Spirits'

Latin America has a pace of its own. The stage premier of Isabel Allende's The House of The Spirits runs for eight hours, about twice the time it takes to read the original book she wrote in 1982. The play, Allende's own adaptation, is now at the Shaw Theatre. It makes an absorbing,

exhausting speciacle.

The style is magic realism, a blend of the real and the imaginary which evolves naturally from a multi-cultural Latin America. The european exponents are Gunter Grass and Milan Kundera. But the Colombian writer Garcia Marquez was the first populist in the genre with Cien Anos de Solidad (1967). What makes the style inimical to theatre, a sequential art form, is that it conflates past, present and future. To read Allende, Marques or the lesser known magical realists Miguel Asturias or Alejo Carpentier for plot would be to miss the point. In Allende, everything happens all the time, it is

The dynastic story of The House of *The Spirits starts in Chile, 1910 and* finishes after the September 1973 coup, the assassination of President Allende (Isabel's uncle) and the establishment of the Pinochet regime. There are autobiographical details from Allende's time as a journalist in Chile and then Venezuela, as well as family memoirs and folklore brought to bear on current events.

The play charts the fortunes of Clara and Esteban, the one a

Scott Fitzgerald (1896-1940), the poet

laureate of the party, knew that big

events were always more intimate

than small soirées. His writing, like

his life, thrived on party scenes. Fitz-

gerald could never distinguish-

between naivety and social climbing.

so his stories had in-built innocence

and experience. Both are on show in

his short story, Bernice Bobs Her

Hair, written in the spring of 1920.

Now it has been made into a charm-

ing, light musical at The Orange

Tree Theatre in Richmond.

huminous clairvoyant and the other - like most of the men here - a feckless, violent and troubled soul. They live in Santiago and on a hacienda in the Andes, where the campesinos emerge from serfdom to political power in the 1970s. As each aspect of family lore fashions itself, memories harden into facts, whims into obsessions and visions into realities. "Life is long," says Clara, "and full of unexpected turns."

But the plot is not entirely at the mercy of serendipity. The laws of causation and prediction become the life of the family.

Out on the hacienda, advice takes root and grows into the future: "Land is something one should never sell, it's what is left when everything else is gone" says Esteban, "But land is a romantic notion" replies his mother. She is right, he loses it. As the story rolls down the

generations, finishing with Alba, the granddaughter of Clara and Esteban, it gathers momentum and amplitude; what seemed a distraction in the first part of the play emerges as a significant detail in the second: a mothy animal skin, a severed head, a caddy of hoarded cash. For each generation, love is a visceral shudder and death a whispered secret. Every family rite involves extensive nudity on stage. The family's powers of imagination and intuition pass through the women, "the stoical practical women of our country", a sorority of tough-minded individuals who control the men. Conrad was right, God for men and Religion for

must expect that Channel 4, at least

in peak viewing time, will continue

to look more and more like any

other conventional commercial

channel, with game shows (The

Crystal Maze); soap opera (Brook-side); and the largest proportion of American imports in British terres-

trial television (The Wonder Years, Mork and Mindy, The Golden Girls, and soon The Golden Palace)."

Well, I have read some tosh in my time but this really is the "tosh-est".

Mr Dunkley has a nasty case of "per-

fourth year and Brookside is in its

eleventh, hardly evidence of a sud-

Facts first: Crystal Maze is in its

ception-itis".

There are wonderful comic moments: the whore looking to modernise her brothel, "we ought to bring in civil servants who have nothing to do during the day" or the maid trying to scare the young Clara silent for ten years – into speech. Director Michael Batz amalgamates the action well, with haunting songs (by the Chilenos Violetta Parra and the murdered Victor Jara) beautifully sung by Claudia Figueroa and Mauricio Venegas.

The cast of 18, from eleven different countries, speaks a mixture of English and robust South American Spanish without the old-world sibilants. The principals, Josephine Welcome (Clara), Alkis Kritikos (Esteban), Carmen Gomez (Ferula, Esteban's sister) and Christina Clark (Alba) keep the passion high and the life intense. Try to see both parts in one day (Saturday or Sunday). Characters ear like old frier

If the second half of the first part and the middle of the second are still slack dramatically, perhaps the answer is simply a different view of what theatre does. "It may be true" says one character, "that everything happens simultaneously."

The Shaw Theatre until 23 May: Thursdays, part I; Fridays, part II; Saturdays and Sundays, parts I & II.



(071-388-1394) Alkis Kritikos and Carmen Gomez

Bernice Bobs her Hair

cut." It is Fitzgerald's jazz age version of the Berenice (c. 250 BC) who sacrificed her hair to Venus for the safe return of her husband from the wars; Catuilus wrote about it, and Ptolemy III named a star "Berenice's Curls". Fitzgerald added elements of Samson and The Rape of The Lock and saw the bobbing of Bernice as a rite of passage.

It is a story of East and West after Bernice is all about conffure. As all, of rich carelessness and poor credulity. Country girl Bernice visits

her rich society cousin Marjorie, who first ridicules her *gaucheries*, then promises to make her into a society vamp. So Bernice throws off her floral prints, climbs into slinky red, and promises to cut off her hair. She does. Then she is doubly mocked, and leaves town in shame, stopping to snip Marjorie's blonde ses en route to the station.

This makes thin matter for a musical But composer Matthew Miller and Lyricist John Gardyne take the

Sondheim way out: a couple of good strong numbers which resurface, modulated and intercut, throughout the show. They succeed in making the songs constitute the action. Albeit short on jazz, the evening amounts to a public party, with a cast of black-tied cocktail-dressed young worrying about social niceties and growing old: "If you think you've troubles aplenty, Things could be worse, you could be twenty." The best number, apart

from the opening chorus, "Nights Like This" is a love lament by Warren, a boy falling in love with Bernice. As he sings, "She's not that kind of girl" he realises she is his kind of girl, persuading himself into love while singing his way out of it. The performances are steady, with highlights from Abigail Lee (Bernice), Emma Parish (Marjorie) and Hugh Lee (Warren). The poor lighting diluted the show's intimacy and energy; it should have been more focused.

The Orange Tree, Richmond (081-940-3633) until 29 May

More opera at Covent Garden

Jeremy Isaacs, general director at Covent Garden, yesterday pro-claimed the Royal Opera House to be in "goodish shape". Despite making a surplus in 1992-93, tight financial constraints continue and are reflected in the 1993-94 season. For the Royal Ballet there are no new full length productions at Covent Garden; the "new" Sleeping Beauty is to be premiered during the US tour. For the Royal Opera there are seven new productions but three are co-productions with other opera

The incoming opera director Nicholas Payne signposted four initiatives which are reflected in the 1993-94 season. The Wagner repertory will be revitalised; in October there is a new production of Der Meistersinger, and a new Ring is planned from 1994. A Verdi Festival starts in 1995, with the aim of performing all his operas by 2002. In the meantime a fresh Aida, not seen at Covent Garden for a decade, opens in June 1994.

As ever there is a desire to perform more British works, with revivals of Birtwistle's Gawaine and of Britten's Gloriana (in a guest performance by Opera North) and to broaden the repertoire with little mown works. In 1993 be new productions of Massenet's Chérubin; of Giordano's Fedora (produced in association with La Scala, Milan); and Rossini's Mose in Eaitte (first seen in Bologna). The other new productions are Scottish Opera's recent Die Zauberflöte and Janáček's *Katya Kabanova*, which will be directed by Trevor Nunn.

In its bid to pay off its deficit so that the government will be better inclined to give Covent Garden the money needed to rebuild its theatre, the Royal Opera House has plenty of popular classics in its programme, including 17 performances of Carmen and ten of Madama Butterfly. There will also be much more opera (which produces a bigger box office) than dance.

Jeremy Isaacs is keen to popularise opera and is asking sponsors to help Covent Garden by subsidising seat prices as well as sponsoring productions. Four Saturday night per-formances will be subsidised in this way with over 1000 seats priced at under £12 The aim is ten such performances a year.

Antony Thorncroft

European Cable and



■ BONN

Gian-Carlo del Monaco's new production of Cav and Pag opens on Sun, conducted by Michel Sasson, with a cast led by René Kollo and Monte Jaffe. Repertory also includes Der Freischütz tonight and Valery Panov's production of Prokofiev's ballet Romeo and Juliet on Sat and next Mon (773667)

■ BORDEAUX MAI MUSICAL

The festival opens tomorrow at Grand Theatre with a concert of popular orchestral works conducted by Jan Latham-Koenig. Fri. Sat, Sun: Alain Lombard conducts Tchaikovsky concerts at Palais des Sports. May 14, 15, 16: Tchaikovsky ballet extracts. May 21, 22, 23: Mozart programme (5648 5854)

COLOGNE

Philharmonie Tonight Raymond Leppard conducts indianapolis Symphony Orchestra in works by Hindemith, Beethoven and

Schumann, with piano sololst Maria Joao Pires, Sat: Christoph Eschenbach and Tzimon Barto alternate as conductor and soloist in Brahms' two plano concertos, with Saarbrücken Radio Symphony Orchestra. Sun afternoon: Thomas Zehetmair violin recital. Mon: Wynton Marsalis Band. Next Wed and Fri: Cherubini Quartet plays Beethoven. Next Thurs: Sinopoli conducts Philharmonia Orchestra

Wed: Katya Kabanova with Nadlne Secunde and Leonie Rysanek. Fri and Sun: Der Rosenkavalier with Margaret Marshall, Delores Ziegler and Gunter U-UMLAUT von Kannen. Mon: Entführung. Tues: TanzForum triple bill, choreographies by Jochen Ulrich (221 8400)

■ COPENHAGEN

Royal Theatre Tonight: Royal Danish Ballet in John Cranko's Onedin, Tomorrow: Drot og Marsk, Danish historical opera. Fri, next Mon, Wed: Mahagonny. Sat: Tosca. Tues: La traviata (3314 1002) Tivoli The summer season of concerts is now in full swing, with chamber music or orchestral programmes most nights of the week. This week's highlight is a Tivoli Symphony Orchestra concert tomorrow conducted by Lothar Zagrosek, pairing Beethoven's Violin Concerto (Shlomo Mintz) with

The Kleines Haus has Gorki's Opernhaus Tonight, Sat and next Summer Guests directed by David

Tchaikovsky's Manfred Symphony (3315 1012)

DUSSELDORF Deutsche Oper am Rhein Tonight: Götterdammerung Tomorrow: Cosi

fan tutte. Fri: concert performance of Lakmé. Sat: Gluck's iphigenie en Aulis. Sun: first night of Heinz Spoerli's new production of Giselle. Next Tues and Wed: Spoerfi's ballet Goldberg Variations (8908 211) Schauspielhaus Tonight: Shakespeare's A Midsummer Night's Dream. Tomorrow and Fri: Odon von Horvath's Zur schonen Aussicht. Sat: Brecht's Mr Puntila. Sun: A.R.Gurney's Love Letters. Mon: Pirandeilo's Tonight We Improvise.

information 162200) ■ FRANKFURT MUSIC/DANCE

Alte Oper Tonight: Wynton Marsalis Septet. Tonight (Mozart Saal): Hindustani classical music with Pandit Jasraj. Fri, Sat: Carmen Flamenco, choreography by Rafael Aguilar, Sun: Michael Gielen conducts South West German Radio Orchestra in works by Beethoven, Rihm and Brahms. Mon: Vladimir Stoupel piano recital. May 15: Sinopoli conducts Brahms (1340

Mouchtar-Samorai (tickets 369911/

Opemhaus Fri and Sun: William Forsythe's ballet Slingerland. Sat and Mon: Aribert Reimann's opera Troades (236061)

■ GOTHENBURG

Konserthuset Tonight, tomorrow: Neeme Jarvi conducts Gothenburg Symphony Orchestra in works by Stenhammar, Beethoven and Stravinsky, with plano soloist Christian Zacharias (167000) Stora Teatern Tonight, Sat: Robin

Stapleton conducts Francesca Zambello's production of Falstaff, with Ingvar Wixell. Seven further performances till June 5 (131300)

■ HAMBURG

Staatsoper Tonight, Sat, next Wed: Claus Peter Flor conducts Johannes Schaaf's new production of Entführung with Schaaf as the Pasha. Tomorrow, Fri, Mon: John Neumeier's ballet A Midsummer Night's Dream. Sun: Neumeler's A Cinderella Story, music by Prokoflev (351721) Musikhalie Sun morning, Mon evening: Valery Gergiev conducts Hamburg State Philharmonic Orchestra in works by Wagner,

Olga Borodina (354414)

Opernhaus Highlights of Leipzig Opera's 300th anniversary celebrations are a programme of choreographies by Uwe Scholz (tomorrow), Boris Godunov staged by Istvan Szabo (Fri and next Wed) and Rameau's Hippolyte et Aricie conducted by Udo Zimmermann (first night on Sat)... Grétry's Zémire et Azore (Sun morning) marks debut of Leipzig's new opera school. Repertory also includes La boheme, Cosi fan tutte and Werther (7168

Mahler and Prokofiev, with mezzo

Gewandhaus Tomorrow and Fri: Kurt Masur conducts Gewandhaus Orchestra in works by Barber, Shostakovich and Tchalkovsky. With violin soloist Sylvia-Elisabeth Viertel. Sat: Anatol Ugorski piano recital. Sun: Helen Donath sings

opera arias (7132 280)

■ LYON Eliahu Inbal conducts Orches

National de Lyon in Mahier's Eighth Symphony on Frt and Sat at Halle Garnier, with soloists including Lillian Watson, Edith Wiens, Gary Lakes and Simon Estes (7860 3713) Opéra de Lyon reopens on May 14 with world premiere of Debussy's Rodrigue et Chimène, followed by new productions of Les Conte d'Hoffmann, Coppelia and Luffy's Phaeton (7828 0960)

MUNICH

Prinzregententheater Tonight: opera and dance gala with sololists from Kiev and Odessa, opening a five-day Ukraine festival at various venues (4809 8614). Sat, next Mon. Tues: Peter Schneider conducts Bavarian State Orchestra in Haydn, Wagner and Shostakovich, with soloists Waltraud Meier on Sat and Cheryl Studer on Mon and Tues (221316) Herkulessaal der Residenz

Tonight: Arpad Joo conducts Bach Collegium in Mozart, Stamitz and Danzi. Fri: Hans Zender conducts Beverian Radio Symphony Orchestra in music by Fortner, Trojahn and Zender, with Wolfgang Holzmain and other soloists. Sat: Grigory Sokolov piano recital. Mon: Melos Quartet, with violist Enrique Santiago, play Brahms quintets. Tues: Dinorah Varsi piano recital. May 14. 15: Riccardo Muti conducts BRSO (299901) Gasteig Tomorrow, Fri. Sat. Sun.

morning: Dmitri Kitzenko conducts

Munich Philharmonic Orchestra in

with piano soloist Maria Joso Pires

works by Britten and Shostakovich.

Tues: Raymond Leppard conducts Indianapolis Symphony Orchestra,

■ STOCKHOLM Royal Opera Tonight, tomorrow,

Frt, Sat, Mon: new production of choreographies by Balanchine, Ulysses Dove and Ulf Gadd (248240) Konserthuset Tonight, tomorrow: Gennadi Rozhdestvensky conducts Royal Stockholm Philharmonic Orchestra in Berwald and Berlioz. with Gidon Kremer soloist in Shostakovich's Second Violin Concerto tonight and Sibelius' Concerto tomorrow (244130) Berwaldhallen Fri evening, Sat afternoon: Carlo Maria Giulini conducts Swedish Radio Symphony Orchestra and Chorus in Beethoven's Ninth Symphony, with soloists including Keith Lewis and Bryn Terfel (784 1800)

STRASBOURG

Palais de la Musique Tonight, tomorrow: Stanislav Skrowaczewski conducts Strasbourg Philharmonic Orchestra in works by Mendelssohn, Bartok and Mozart, with plano soloist Deszo Ranki (8837 6777)

STUTTGART

Staatstheater Ruth Berghaus' La traviata opens on Sat. conducted by Philippe Auguin (repeated May 11, 13, 19, 22, 25, 29). Repertory also includes Cranko School ballet performances tomorrow and Fri, La Cenerentoia on Sun and Cosi fan tutte on Mon (221795)

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Athens, London, Prague.

Friday: Exhibitions Guide.



air, or at any rate on the air. Tune into the BBC World Service and you will hear it. In Athens, the warring Bosnian parties

have accepted the Vance-Owen plan. In Washington, there is progress in the Middle East talks. In Abuja, talks have resumed between the Sudanese government and the southern "rebels". In Somalia, the US has withdrawn and handed over to the United Nations after an allegedly successful

Perhaps the BBC has been heeding the strictures of one of its employees. Mr Martyn Lewis, who recently said the news was too uniformly demoralising, and that more effort should be made to report the positive things that happen in the world. My answer to such pleas has always been that bad news is in itself encouraging. The essence of news is that it should be novel, unusual, surprising. So if disasters make un most of the news, that implies an assumption that they are not the normal state of affairs.

When news is good, it usually concerns an area or a subject where gloom or disaster is the long-established norm. Examples: Sadat's visit to Jerusalem in 1977 (conflict and mutual suspicion were the norm, straightforward human contact a stunning exception): the non-violent collapse of communism in eastern Europe: signs of recovery in the British

It is the job of reporters to look out for what is new and report it. The job of columnists is harder to define, but part of it seems to be to explain that the news is wrong, or at any rate not what it seems. When the news is of disaster, the columnist must restore calm by setting it "in context". But when there is news of an exciting breakthrough he must point out all the problems that remain unresolved. So this week I could predict

with confidence that the wars in Bosnia and Sudan will go on, and point out that there is still acute insecurity in Somalia, with no solution in sight. But, having spent the past two days in and around Jerusalem. I shall concentrate on telling you that there is little euphoria, among Israelis or Palestin-

Where conflict is the norm

Fear, not hope, is the force driving the Middle East peace talks

agreement in Washington. Israelis, as is well known. have always felt insecure about the future of their state. though less so, I think, since making peace with Egypt in the late 1970s. Now, however, they feel personally insecure because of the recurrent and apparently random killings of Israeli citizens by Arabs from the occupied territories, especially the Gaza Strip.

The authorities have responded by "sealing off" the territories - which means that the Arab inhabitants are no

Insecurity is pushing Israel to find a way to disengage from the territories

longer permitted to enter Israel, although residents of Israel, Israeli settlers in the territories, and indeed foreign visitors such as myself, remain free to come and go at will.

The Israeli economy, it seems, has learnt to do without cheap labour from the territories (although its replacement with cheap labour from places further afield, such as Thailand, is beginning to cause political controversy). But the masses cooped up in the Gaza Strip - with one of the highest birth rates in the world - have little prospect of alternative

And they have little to lose by engaging in terrorism, since whether they do or not they are affected by Israel's attempts to control it. Last cember, a 10-year-old girl in

Khan Yunis was shot dead in the street, by "a stray bullet" from the Israeli army, when she went out to buy milk after the curfew had been lifted.

For Israeli newspapers, that was not front-page news (though six weeks later a journalist from the leading newspaper Haaretz did go and visit the girl's family, which was more than anyone from the army had done). Nor are the endless humiliations to which Arab families are subjected, such as being pulled out of their houses and forced at gunpoint to erase graffiti sprayed (by unidentified people with whom they may have no connection) on the outside walls.

The "sealing-off" applies to

the West Bank, as well as Gaza, but not of course to East Jerusalem which was declared an inalienable part of Israel after its conquest in 1967, and which Israel is determined to keep outside the scope of the proposed "self-governing authority". The closure is thus highly disruptive of social, economic and cultural life on the West Bank, for which Jerusalem is the natural centre. Besides making it impossible for West Bank residents to work or attend meetings in Jerusalem itself, it all but cuts off the north and south halves of the West Bank from each other: to reach Ramallah, normally half an hour away, a resident of Bethlehem now has to take a dirt road right down to the Dead Sea, along the Jordan valley to Jericho, and then

back up again. Though introduced as a short-term security measure. almost a panic reaction to the deaths of Israelis, the closure has been extended for a second month and is now clearly intended to become the new normality. Lists of people exempted from it are being drawn up, and there is talk of upgrading the dirt road.

All in all, life is not too easant. Does that contradict the "good news" from Washington? Perhaps not. Insecurity, which drove Israelis to occupy the territories in the first place, is now driving them to seek disengagement, at least from the Arab-inhabited areas, at almost any price. And the prospect of relief from day-to-day harassment may induce the Palestinians to accept, as an interim solution. even an agreement that gives them only limited autonomy on only a small part of their



months, Italy has been under the spotlight for all the Viability wrong reasons:
Mafia killings
of judges; polit-PERSONAL ical scandals VIEW involving

senior politicians and business leaders; growing political instability. And yet, 1993 is for Italy "the year of the great opportunity". Not only is the political system finally being reformed, but there is a rare coincidence of circumstances which makes it possible for Italy to cure the four chronic diseases of its economy: high inflation. unemployment horrendous government deficits and imbalances in its external trade accounts.

This will happen provided the country and the incoming government stick to two prescriptions. The first exceptional circumstance is that Italy is this year enjoying the benefits of the July 1992 agreement among the government. trade unions and employers. which abolished the country's wage indexation system. The pact virtually froze nominal wages until the end of 1993.

As long as 15 years ago I identified indexation as the leading cause (together with excessive wage demands) of the inescapable swing of the Italian pendulum between the high inflation of the 1970s, and the low growth, rising unem-ployment, high external deficit and disinflation after Italy joined the European Monetary System in the 1980s. The second extraordinary

circumstance is represented by the free floating of the lira following the turbulence on the foreign exchange markets of September 1992. The overvaluation of the lira, caused by the fixed exchange rate and the persisting inflation differential. eventually led to the abandoning of the fixed parity. What happened afterwards vindicates the view expressed last November by Rudi Dornbusch. the MIT economist. He maintained, in contrast with conventional wisdom, that by floating the lira, Italy had finally freed itself from the yoke of the Bundesbank and the high interest rates imposed by it, and that it should use that freedom for a sharp cut in interest rates and accompanying deep devaluation of up to 30 per cent. A devaluation of such proportions was needed to balance the current account. restore growth and job cre-

ation, and compensate for the

effect of a reduction of the pub-

The year of the great opportunity

Franco Modigliani on curing Italy's economic ills

lic deficit of the order of 2 to 3 per cent of GDP.

What actually took place pretty much matches Dornbusch's prescription. Interest rates on Treasury bills have come down from more than 15 per cent last summer to about 10 per cent; devaluation reached 30 per cent (though it has been reduced a bit lately).

The third favourable circumstance is that the devaluation happened at a time of extremely weak demand. which has helped to bear down on imported inflation. The moderation of inflation, which in March fell to a six-year low of 4.2 per cent, is also a conse quence of the virtual freeze on nominal wages.

What Italy is now undergoing an export-led recovery, with a dramatic turnround in the current account. The upturn reflects competitiveness gains which have resulted from devaluation and the wage freeze. As things now stand, I expect growth to pick up in the second quarter. Italy is likely to experience a higher rate of growth in 1993 than all the other leading European economies, except possibly the UK.

Is Italy out of the dire straits in which it found itself last September? Unfortunately, the answer is no. A crucial stage will arrive when the wage agreement expires at the end of the year. At that point the choice is the unions'. They could choose to revert to their old wavs and attempt to recover the purchasing power lost since last July, and then some. The result would be a return to the dilemma between high inflation and a recessionary tightening.

The other possibility is that the unions will realise the enormous advantages accrued to the country from the agreement and that would continue to accrue by extending it. These include continued reduction in

inflation: the creation of more secure jobs for present and future generations:

 a sharp decline in interest payments.

In spite of the recent reducevasion by the self-employed; tion, Italian short-term interest • higher tax revenues as the



Old and new: disgraced Craxi, and Ciampi, the prime minister

rates are still several percentage points higher than those in the other European countries. If the markets were reassured that the benefits of the 1992 agreement were extended to 1994 the conditions are there to take advantage of high Italian returns. The inflow of capital. a more credible government (and therefore a reduction of the political risk premium) and the downward trend of international interest rates should all contribute to a fall in Italian rates. By year-end, short-term rates could be 5 points lower than in recent years. Such a

Italy has the rare opportunity to cure the four chronic diseases of its economy

reduction would have a significant effect on the budget. With a debt of L1.600 trillion (about \$1 trillion) I estimate that a reduction in short-term interest rates by 5 points would bring about a net saving of L80 trillion by the end of 1994. Over the same period a fur-

ther deficit reduction of L50 trillion should come from: • a mix of cuts in public expenditure along the lines already pursued by the Amato government: • new measures to curb tax

All this would bring the government deficit to 3.3 per cent of GDP, almost in line with the Maastricht requirements. The fall in interest rates should also contribute to an increase in investment and, together with the improved current account, to an expansion in income and employment. This is what Italy would gain from the extension of the wage

agreement. But union leaders

economy continues to recover:

savings from the elimina-

tion of corruption on public

privatisation proceeds;

are bound to ask themselves what their members would lose. With fixed nominal wages, the only possible loss for the workers is an increase in prices. Figures available for the first nine months of the agreement show a loss of purchasing power only of about 1 per cent. As for the future, even in the pessimistic assumption that inflation jumps to 6 per cent for the rest of the year as a consequence of devaluation, the overall loss of purchasing power would not go beyond 2 per cent. This loss could be easily compensated by allowing for a rise linked to the

devaluation on prices will have all but disappeared. In exchange for wage moderation, the unions should ask the government for institutional changes which could

productivity increase. More-

over, in 1994, the effect of

price levels. One of the most urgent is the deregulation of the distribution sector, whose inefficiency and high profit margins have kept workers from benefiting fully from the productivity gains.

If the unions can be convinced to make the rational choice and extend the wage agreement to the end of 1994. I challenge them to announce it right now. This would bring forward the benefits of the extension, providing the government and business a stable framework on which to plan

cant. What about Italy's return to fixed parities and the monetary union process? The answer and here I come to my second a prescription is yes, but only under the proper conditions. The question must be seen in

for the future. The impact on

job creation would be signifi-

a broader context. One might think that the expansion which Italy is now enjoying is only the result of the fall in the value of the lira - that is, simply a repetition of the old game of competitive devaluations. But in fact Italy is now engaged in a rebellion against the Bundesbank's suicidal policy of high interest rates - acting like a David against a mighty Goliath. Italy would most definitely welcome sharing the fight for lower interest rates with other countries with similar problems, especially in terms of high unemployment. including Spain, Ireland, Belgium and France. (The UK has already joined the fray.) They too would have to free themselves from the shackles of the Bundesbank by floating and pursue a policy of lower interest rates, and possibly tighter

fiscal policies. The effect of such policies must be favourable to the world economy, because of the resulting expansion of employment and output. The only possible exception is Germany, at least until it joins most of the industrialised world in a policy of lower interest rates, which the Bundesbank has recently begun to reduce. Once the it has been persuaded to correct past errors, the EMS can quickly get back to the task of economic and monetary union, with new and better-founded parities, and a healthier distribution of power and duties.

indeed, for Italy, and perhaps much of the world, this is the year of the great opportunity. Let's not miss it.

The author is Institute professor

emeritus at MIT and winner of

the Nobel Prize for Economics contribute to bearing down on in 1985

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LETTERS TO THE EDITOR

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NHS trust managers constrained from above

From Ms Susanne Brierley.
Sir, Unfortunately the National Health Service's for-

mer personnel director, Eric Caines, is all too correct when he says the opportunities for NHS trusts to break free from centralised pay and personnel policies are at risk ("No way to run a health service", April 27). It is unfair, however, to lay so much blame on trust man-

agers, most of whom have been tightly constrained not only by the political aspects he describes, but also by revenue limitations and the huge agenda for organisational and managerial change they have

Many human resource managers have quietly progressed with incremental change while acquiring the new skills needed for local pay bargaining and establishing new relationships with staff unions. Most have introduced new personnel policies and trust employment contracts, restricted in use by the protection of staff on national conditions under the transfer arrangements.

been implementing

Initial dreams of attracting staff off the Whitley council system and simplifying pay structures proved, with few exceptions, not to be viable due to the sheer cost on the paybill, phasing out of national negoti-especially in the larger multifunctional units, and, latterly, the 1.5 per cent pay limit. Recession deferred the demographic black hole, while emphasis on local needs logically means differing priorities on limited resources.

As Caines points out, progress has generally been far short of expectations - empty promises and changeable political agenda provide sandy foundations. Simply telling trusts to get rid of Whitley shows an abdication rather than delegation of issues. Failure to announce the

lack certainty of agenda and backing by top management and politicians. Accountability to the public is vital, but responsibility appears to have been devolved more readily than the authority to manage.

Susanne Brierley Chair, Reward Group, National Association of Health Service Personnel Officers

tinued central impositions

have conflicted with promises

of devolved management. Most

trusts want the opportunity to

devise local arrangements but

Japanese taxation of whisky and shochu | Success of

From Mr J. Bourlet Sir. Japan's whisky and shochu taxation as discussed by your correspondent Kojiro Shiojiri (April 20) and by Ronald Brown and Tim Jackson (April 27) raises more questions than answers.

Why should Japan be held to account for an EC regulation. which prevents distillers here

manner.

invested.

Nathan-Marlow,

Lindau,

from marketing whisky with less than 40 per cent alcohol when most drinkers add water to reduce their drink to around 20 per cent anyway? And why don't European distillers produce shochu, the contents of which are no secret, if they want to do business in Japan? Surely the Japanese are entitled to point out that if import-

ers produce whisky of 20 per cent proof and shochu alongside other white spirits, both of which the Japanese consumer clearly demands, then the tax position will no longer be an issue. James Bourlet.

Economic Research Council, 239 Shaftesbury Avenue. London WC2H 8PJ

potential investments but we

believe this mature approach

Mature approach of EBRD pressure on pay

strategic development of the

From Mr Clive Nathan. Sir. Recent attacks on the Sir, Having read the letters in the FT on directors' "over-the-European Bank for Reconstruction and Development have top pay" it is my opinion that some justification and the until the full cost of a director bank's president, Jacques Attali, has been unwise in ceris disclosed to shareholders it tain internal spending policies. may be impossible to address the issue in a proper These criticisms should not obscure, however, the bank's achievements and the spade-After a decade of excess resulting from unreal salary work done for the future in terms of development and merpayments supported by stock

chant banking. options and bonus rewards While those of us who deal together with pension contriwith the EBRD feel a degree of butions and benefits it seems curious that UK shareholders frustration at the procedural do not more often group requirements and delays, the together by size to activate bank's own systems will doubtchange from the directors of less be refined and many of the companies in which they have problems are not of its making. They arise, rather, from the varying political and economic

European "shareholder activcharacteristics of the countries ists" do not enjoy the exposure and success of their crusading of eastern and central Europe US counterparts but now is the and from the need for strategic overviews prior to investment. time to intensify effort. The bank has a responsibility Perhaps if these programme gathered momentum, those to consider not only shorterterm financial criteria but the concerned would suffer less. longer-term environmental and Clive Nathan,

From Mr David M Howell, developed on a step-by-step basis. I and my colleagues recognise that the bank can have no magic wand in securing an "open cheque book" for

> will achieve a long-term future for growth. The EBRD should be congratulated on the manner in which it provides information and briefings to interested parties and on providing a high level of informative documentation to those attending the annual meeting.

Before the recent spate of criticism. M. Attali had proved to be a visionary in having established the EBRD with a high-profile and well-developed structure for future operations, over a short period. In due course a more traditional banker will no doubt become the bank's president, but this contribution should not be overlooked.

David M Howell. European marketing director, WS Atkins International. Woodcote Grove, Such policies can only be Epsom, Surrey KT18 5BW

UK machine tool makers

From Mr Simon Brown. Sir, We noted with interest the article on Holroyd machine tool company which has just won the Queen's Award for Technological Achievement, ("Cutting and Grinding", April 21).

You say Holroyd is "One of the few surviving machine tool companies left in Britain. which once was a world leader in this sector." This does a disservice to the many leading companies in our industry. There are about 175 UK makers of machine tools and ancillary equipment, some of which remain world leaders.

Figures from the Machine Tool Technologies Association show the UK is the world's eighth largest producer, and seventh largest exporter of machine tools. The UK exports more machine tools per head employed than any nation except the Swiss; several of our members have won the

Queen's Award for exports. The industry has become smaller as its domestic customer base has shrunk. Conversely this has accounted for the strength of the German and Japanese industries. It will be interesting to see how they cope with the downturn in demand that has been regarded as commonplace in the UK. Simon Brown,

director general, The Machine Tool Technologies Association. 62 Bayswater Road. London W2 3PS

FINANCIAL TIMES

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Wednesday May 5 1993

Nuclear rift over Ukraine

Nuclear disarmament was perhaps the most cherished fruit of the end of the cold war. Presidents George Bush and Boris Yeltsin acknowledged as much when they signed the Start 2 strategic arms limita-tion treaty in Moscow last January. The rest of the world applauded the prospect of a further significant reduction in the US and ex-Soviet nuclear arsenals, and western policymakers began turning their minds to the next big disarmament challenge: that of renewing and strengthening the

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in 18

XIII.

Non-Proliferation Treaty (NPT). Now it is beginning to look as if everyone relaxed too soon. The Russian parliament has yet to ratify Start 2. More worrying, neigh-bouring, newly independent Ukraine is embroiled in an increasingly acrimonious row with Russia and the west over the 176 Soviet intercontinental ballistic missiles and 30 nuclear-armed strategic bombers still on its soil.

Without sensitive handling on all sides, the dispute risks upsetting the international disarmament process and becoming a serious irritant in efforts to renew the NPT. At worst, it could encourage something the west desperately wants to prevent the emergence of a renegade power in the heart of Europe, clinging to nuclear weapons for lack of what it sees as reliable security guarantees, and perhaps seeking alliances with other would-be nuclear states in the Middle East or Asia.

Insensitive handling

Thus far, the west's - and in particular Washington's - handling of the issue has been anything but sensitive. The Clinton administration has issued a series of warnings to Ukraine that it will not discuss aid for its shattered economy or any other bilateral questions until Kiev has ratified the earlier Start 1 strategic arms treaty and acceded to the NPT. Ukrainian leaders have been promising to do this since 1991, but parliament has yet to deliver. The main result of US pressure has been to fuel the growth of pro-nuclear sentiment among leg-islators, making it decreasingly likely that Ukraine will agree to go non-nuclear in the foreseeable

How is the impasse to be broken? In exchange for ratification, prepared to assist it as generously President Leonid Kravchuk is as they are helping Russia. That demanding substantial western way, Ukraine will not feel it needs assistance towards the cost of dismantling the weapons (the US has the world's attention.

Fraud in the EC

FOR A variety of reasons - to the filing of dishonest claims dissatisfaction with Maastricht, the war in former Yugoslavia, the recession - many ordinary voters at present take an unfavourable view of the European Community. One issue with a direct impact ontaxpayers' wallets exacerbates this poor image: widespread misappropriation of EC cash.

The publicity given to EC fraud, above all connected with pay-ments linked to the common agricultural policy (CAP), has three effects. It weakens support among national governments and electorates for necessary increases in the EC budget. It highlights how the elaborate CAP mechanism for dol-ing out farm subsidies can provide lucrative rewards for swindlers. And it illustrates the Community's shortcomings in its struggle against fraudsters in particular, and cross-border crime in general. Here, the EC is a long way from

adopting a supranational approach. Verifying that the some-times absurdly complex system of agricultural hand-outs works properly is a matter for national authorities, operating often without real co-operation. Many professional criminals specialising in "milking" CAP funds are, on the other hand, well-organised in efficient transnational networks.

Limit abuse

Possibilities for illegal diversion of EC money will exist as long as the Community keeps its agricultural prices above world market levels and compensates farmers who stockpile or export surpluses. Despite the successful aspects of last year's plan for a partial overhanl of the CAP, this is a state of affairs with which the EC will have to live for many years. However, abuse can be limited.

In this regard, the Commission's annual fraud report, published last week, makes depressing reading. By definition, most fraud is unreported For 1992, the Commission records that Ecul18m was purloined from CAP export refund and price support schemes, with a further Ecul52m lost through evasion of customs duties and farm levies. Cases cited range from the sidestepping of levies on olive of EC will be in a sorry state.

guarantees of Ukraine's security from Nato powers and from Russia. Western governments, though some have given security assurances, instinctively jib at what they see as a form of nuclear blackmail. But their failure to respond merely reinforces the Ukrainians' inclination to hang on to nuclear weapons either as a deterrent to Russian adventurism or simply as a means of ensuring they are taken seriously. On both these counts Ukraine has legitimate concerns. Russia

promised \$175m); payment of the proceeds from sale of the nuclear

fuel they contain; and cast-iron

has consistently refused to sign a comprehensive political treaty with Ukraine recognising the inviolability of its frontiers, except in the context of the Commonwealth of Independent States, the successor body to the USSR of which Ukraine has said it does not want to be a full member. Moreover, influential voices in the Russian parliament are frequently heard staking claims to Ukrainian territory. The potential for instability in Russia is such that Ukraine has no reason to lower its guard.

Western blunder

This problem is compounded by the impression in Kiev that the west is so fixated on the need to give political and economic support to Russia that it is turning a blind eye to Moscow's handling of conflicts with its neighbours. In allowing that perception to take hold, western governments have committed a blunder which they may live to regret.

Fortunately, it is not too late to correct the balance. To do so the US should couple continuing pressure on Kiev over nuclear weap ons with equally firm efforts to persuade Russia to sign a treaty securing Ukraine's sovereignty and its borders. In addition, other interested parties - particularly Britain and France as Europe's other nuclear powers - could adopt a higher profile in the effort to soothe Ukraine's security concerns. Finally, all involved need to demonstrate convincingly that they are coming to terms with the emergence of a new European country larger than France, and that if Ukraine moves down the path of economic reform they are to retain nuclear weapons to hold

for export of cereals, milk products or livestock. The EC admits that these examples form the tip of a much larger iceberg. Further, even where wrongdoing is proven, less than 10 per cent of defrauded funds are recouped.

Financial incentive

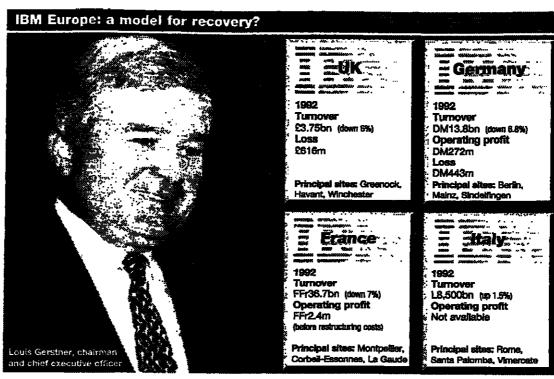
One important problem is that national governments have no direct financial incentive to recover money filched from the Community. Controls are often lax. Convictions are hampered by the complexity of many of the fraud rings, and by differing national judicial procedures. Pen-alties are generally small. The Community plainly realises the seriousness of the threat. The EC this year is spending Ecul33m on combating fraud, against Ecu77m in 1992. Much of the increase is earmarked for improving CAP management and controls. Greater use is being made of computers, and the EC is resorting to satellite surveillance of fields to ensure that "set-aside" schemes do not reap farmers illicit profits. Such measures can, at least, act

as a powerful deterrent. But more must be done. The EC Court of Auditors, the Community's spending watchdog, has proposed setting up an independent EC anti-fraud unit to help tackle the problem. Such a unit, staffed by financial experts and customs officials, could operate at arm's length from the court and the Commission, under the supervision of the European parliament. Drawing on better controls on consignments on the EC's external borders, more rigorous financial checks, and pooled intelligence, the unit would have powers to investigate suspected fraud cases speedily.

This would be a useful innovation, but not a panacea. Judicial authorities and member governments would still have the responsibility for following up the unit's work and mounting prosecutions. The Community, however, badly needs to regain the initiative. If the opportunities for pillaging funds become as deeply entrenched as the CAP itself, the

Alan Cane examines the likely consequences of he gloomiest entry in International Business significant retrenchment by IBM in a leading market

Machines' catalogue last year came under the heading of western Europe cut Europe. In a collapse both sudden and shocking, IBM's most profitable region in 1990 had become, in only two years, a salesman's nightmare. Purchases of mainframe computdown to size ers and large memory systems declined steeply towards the end of the year, contributing substantially to the computer giant's \$5.46bn



mathematics in Paris.

The first signs of IBM's retrenchment in production are evident. Some 10,000 jobs are to go in western Europe this year, 2,600 of them in manufacturing. The company has in the past three months formally abandoned its time-honoured policy of setting up identical manufacturing operations in the US, Europe and Asia. Mr Kuehler said: "The trade-off from manufacturing in three regions is that you can carry out development and manufacturing in the countries you serve. But it leads to excess capacity which in today's world, we cannot afford," Four European plants - Havant

\$2.5bn, making it the only company in the UK, a division of the Montwith more than 5 per cent of the pellier installation in France, Valencia in Spain and Jarfalla in Sweden It employs about 100,000 and oper-- have been told they are only to remain open as "independent busi-ness units" run by their local manates 11 manufacturing plants in six countries. There are 12 research and development facilities, including agements. If they do not make a profit in 12 months they will close. telecommunications research at La IBM's cool appraisal of the viabil-Gaude in France and applications software development at Warwick ity of its European plants is a break with its recent past. For two in the UK. Four scientific centres cover topics including scientific decades the company has tried to computing in Rome and applied show that it is a "good European"

with local roots. It has lobbied, often successfully, to be allowed to take part in research programmes aimed at improving the quality of European technology. Its rigorous attention to detail has helped improve the quality of the output of European components suppliers. Will, therefore, retrenchment

damage Europe's technological infrastructure? Mr Michel Carpentier, directorgeneral for IT industries at the European Commission, does not think the danger should be overstated. He says there is no sign that

IBM intends to reduce its invest-

ment in Europe in a heavy-handed The emphasis on downsizing might be a good omen for Europe's small and medium-sized companies which could compete in software and systems engineering without the need for heavy investment. He is concerned, however, that manufacturing might be transferred to developing countries with adverse

bertson, vice-president and services director at the Gartner Group, a US consultancy, sees IBM's downsizing as a form of creative destruction: "It will release in Europe a lot of poorly used assets," he says. "We are not witnessing the break-up of a successful company. We are seeing the coming apart of a very inefficient producer of IT goods and services. It should be a net plus for the European economy.'

As for IBM's sponsorship of academic research, the view is that a dash of realism can do nothing but good. "Some of those guys," one executive said, "did not know that IBM is a commercial company.

An important factor is that Europe seems at last to be set for growth in computing. According to Mr Dennis Exton of Merrill Lynch, the US brokerage house, the European IT market will grow by 6.8 per cent in 1994 compared with a forecast of 4.3 per cent this year. A result will be that good ex-

IBM staff will have no difficulty finding jobs. Mr Cuthbertson argues: "IBM is already seeing a level of attrition that it does not

want. It is losing bright young salesmen with two or three years' experience who are going off to work for competitors. In a couple of years there will be a substantial rebalancing of resources. In this coming decade the factor limiting growth of the IT industry will be the availability of skilled people."

Mr Cuthbertson is among those who believe that IBM could bounce back quickly in Europe. IBM depends heavily on mainframe sales for its profitability and Europe has few large mainframes.

There are perhaps only 200 very large mainframe sites in Europe compared with at least 1,000 in the US. How, then, have IBM and other US mainframe manufacturers found Europe so profitable? By charging more for mainframes and disk memorles in Europe than in the US. The cost of a unit of computing power was typically 34 per cent more in Europe than in the US through the 1980s. Then as the competitive pressures grew, IBM threw away the price book. In February, it launched 18 mainframes but did not publish a single price. That was left to negotiations between the buyer and IBM's

he result has been a price war between IBM and companies making machines of similar design - chiefly the Japanese companies Fujitsu and Hitachi and the US company Amdahl in which Fujitsu has a stake.

In the past two years the European mainframe market has suffered from the effects of both the recession and the price war. The damage has been widespread.

Mr Rolf Brillinger, managing director of Comparex, a German computer company which markets mainframes made by Hitachi, snapped exasperatedly: "These companies will have to consider whether it makes sense continually to cut prices. It is forcing them into losses and reducing the resources available for research and development." Comparex, owned by chemi-cals giant BASF, saw profits after

tax halved last year.

The positive side of the coin is that without a substantial legacy of mainframe systems to be maintained and supported. Europe is ready to migrate quickly to information systems based on smaller less expensive mid-range computers. The move would benefit smaller companies that have so far found mainframe computing too costly. It could also benefit IBM; it has

the products and the services staff to help customers install and run them. Mr Cuthbertson of Gartner says: "If IBM focuses on a midrange strategy and gets it right, it could rebound quickly in Europe. Additional reporting by

More changes to the letter of the law

Alan Pike on criticism of the Criminal Justice Act

consequences for jobs in Europe.

Industry observers also play

down the threat. Mr Glenn Cuth-

he bill leading to the Criminal Justice Act formed the legislative centrepiece of the UK's 1990-91 parliamentary session, although it is safe to assume that most people were not even dimly aware of its contents.

fourth-quarter operating loss and its

overall loss in 1992 of almost \$5bn.

This year started no better. Reve-

nues declined by 14 per cent in Europe in the first quarter com-

pared with a decline of only 3 per

Europe, however, is now the

world's largest information technol-

ogy (IT) market with a value last

year estimated at more than \$150bn.

For IBM, the challenge of turning

its recent poor performance into an

effective product and distribution

strategy has the added bonus that

the region could serve as a model

At the moment, however, IBM is chiefly concerned with trimming

("downsizing") operations world-wide to match reduced sales expec-

tations, cutting staff and closing plants. This will be one of the first

tasks facing Mr Jerome York, recently hired as IBM's new finance

chief from Chrysler motor company,

who has a reputation as a cost-cut-

According to Mr Jack Kuehler,

IBM vice-chairman, Europe must

take a fair share of the restructur-ing measures: "We are downsizing

ourself in all the countries in which

we operate, not just those in

Europe. We are trying to be even-

handed in downsizing across all the geographies in which we do busi-

ness, but there is no way of treating

one region significantly different to

another when you are trying to

The clear implication is that west-

ern Europe will not be treated as a special case despite the size of its

market and its importance to IBM's

recovery plans. So what are the

likely consequences of significant

retrenchment by IBM? The US

giant, the world's largest computer

maker, is, after all, the dominant

force in European IT with total

sales of \$25bn last year. Sales of

computing services were more than

European market.

downsize your company."

cent in the US and Asia.

for its global recovery.

Respectable, law-abiding citizens do not expect the act's world of criminal courts, custodial sentences and previous convictions ever to touch their lives. But public awareness has increased dramatically since new provisions for linking fines to individual incomes came into force last October, and some respectable citizens have found themselves fined thousands of pounds for motoring offences. Yesterday, amid growing criti-

cism from judges, magistrates and MPs, Mr Kenneth Clarke, who inherited the act when he become home secretary last year, announced that a further bill would be introduced to change aspects of

The two areas of reform concern the act's provision for unit fines related to an individual's ability to pay, and restrictions on courts tak-

ing previous convictions into account when imposing sentences. Many magistrates believe the October provisions leave them with insufficient flexibility in sentencing, and several have resigned in protest since they came into effect.

It is rare for the government to seek to amend an act so soon after it has come into force. Pressure on Mr Clarke to do so became hard to resist in March after complaints in a speech by Lord Taylor, the Lord Chief Justice, that the act was forcing the judiciary into an ill-fitting Lord Taylor, during a critical

speech, related an anecdote about a young lawyer at a seminar who told a senior judge that, having re-read sections of the act, he now realised that they did make sense. "Read it again, you have obviously misunderstood it," replied the judge.

Judicial demands for action have been accompanied by mounting political pressure on Mr Clarke in

the face of highly publicised exam-

ples of the peculiarities of the unit

fine system. The most celebrated of these involved a £1,200 fine on an unemployed man for dropping a crisp packet, reduced last week to £48 on appeal.

Bizarre as it appears, both penalties are logical under the unit fine system. This bands an individual's weekly disposable income from £4

Magistrates say the October provisions leave them with insufficient flexibility in sentencing

to a maximum £100. Magistrates then multiple the income figure by a selected number of units to reflect their view of the seriousness of a particular case. The man accused of dropping the crisp packet faced 12 units. He did not declare his income, and in such cases the maximum £100 per week income is assumed. When it was established

that he was unemployed, this was reduced to the £4 minimum. Mr Clarke believes that the act's principle of linking fines to income

is correct and intends to retain it. But the £4-£100 spread will be narrowed to reduce extreme variations in fine for the same offence. This will relieve many MPs, who fear respect for the law would be undermined if better-off people guilty of relatively minor offences felt that they were being punished for their economic circumstances.

Ministers believe some of the more breathtaking examples of high fines have arisen because courts have failed to appreciate the discretion available to them under the unit system. The Magistrates Association, whose representatives met Mr Clarke yesterday, is sending out new guidelines on the use of discre-

Mr Clarke has less sympathy with the act's restrictions on the introduction of previous convictions. "I believe that a first-time offender is not the same as someone who goes

Sherwood's neighbours as they

trooped along to the recent

out and offends again and again," he said yesterday. "I think courts should be able to take this into account." He says the forthcoming changes will be designed to "make the law work the way parliament intended when it passed the 1991 act". Penal reformers and probation officers fear otherwise.

The 1991 act has at its heart the liberal principle that the punishment of less-serious offenders should shift from custody to the community. Unfortunately for supporters of community penalties, however, the introduction of the act coincided with one of Britain's periodic outbreaks of anxiety over juvenile offenders. Mr Clarke's response, in spite of the act's intention to reduce the use of custody, has been to embark on a new gener ation of secure schools for 12-15year-olds

Penal reform organisations fear yesterday's willingness to amend the act is further evidence that, in the face of public opinion, the gov-ernment will prove reluctant to defend the wider principles on

OBSERVER

Italy's latest inside job

■ Stand up Antonio Fazio, the new governor of the Bank of Italy, who succeeds Carlo Azeglio Clampi, Italy's new prime minister, as the eighth governor in the bank's 100-year history.

Age and experience appear to

have counted in Fazio's favour over the two other internal candidates, Lamberto Dini, currently the bank's number two, and Tommaso Padoa Schloppa, its deputy director general.

Fazio, 57, was the most senior of the threesome, in terms of length of service at the bank, where he has worked all his life, notably on the research side, as chief economist. By contrast, both Dini and Padoa Schioppa have spent periods outside its walls. Dini worked for 17 years at the International Monetary Fund, while Padoa Schioppa has spent some time at the European Commission in Brussels.

However, Fazio's star only started rising at a relatively late stage in the race - especially after suggestions that Dini's powerful political connections might count against him rather than in his favour. Given the current pace of political change in Italy, knowing the right people in politics is no longer such an easy game to play. In time, the bank may appoint a successor to Fazio as deputy

director general alongside Padoa Schioppa. However, there is no lack of talented insiders and little sign of a desire to stir the not.

Female appeal ■ The resignation of Björn Engholm, debonair, pipe-smoking leader of Germany's Social Democrats, may be a source of regret for women voters, with whom he was always a big hit. Yet it could be a blessing in disguise for the women's lobby.

In Schleswig-Holstein, where Engholm was premier, the way is cleared for his deputy, Heide Simonis, to take over. Currently a no-nonsense finance minister. she has been much in the public eye as a tough negotiator in the annual public sector pay round. If elected in this month's polls, she would become the first woman leader at state level.

But she may not be the only female politician on the up. One name being mooted as a possible successor to Engholm as SPD leader is that of Renate Schmidt, the extrovert Bavarian party boss and deputy speaker in the Bonn parliament. She must be considered an outsider for the job - she claimed yesterday that she was 'very probably" not in the running

 but she would certainly inject a welcome breath of fresh air into next year's federal election. A 49-year-old grandmother from Nuremberg who sports a shock

of white curls, she is a fiery speaker

CKK

imbued with a touch of south German passion and an ability to challenge supporters of the male dominated establishment.

Over the top

■ Has no-one told James Sherwood Sea Containers' ebullient boss, that a private helipad atop one's building is these days considered,

well, a little vulgar? The company is seeking planning permission to park its choppers up to ten times a week on its

Blackfriars office roof. Vulgar or no, it was, however, the practical matter of noise that was on the minds of American-born

two-week inquiry. Next door is the Oxo tower, where plans for a roof garden restaurant as part of a big restoration could be dished by the proximity of whirring blades. Bang opposite is the Inner Temple, whose delegation argued eloquently for the listed buildings and the right to throw wide the single-glazed 73-year-old Sam Wanamaker, one of Sherwood's fellow countrymen. who is almost single-handedly trying to resurrect the Globe Theatre, delivered a rousing peroration on the subject of how the first Shakespearian words heard on the site since 1644 were well

But then James Sherwood's Discriminating Guide to London would not have approved either. This neat little compendium detailing where to imbibe in the capital - both victuals and culture published in the mid 1970s was quite stern about aural intrusion. A section entitled Not For Us included noisy eateries among the other pariahs.

nigh drowned by a police

Uncorked

■ Two peeps behind the scenes of the Californian wine industry recently - one of a public nature, the other not officially so. Last week the king of Napa Valley, 80-year-old Robert Mondavi,

The second secon

announced that his family's winery was making its first share issue. A sobre matter, however, compared with the publication of a grippingly scurrilous unauthorised biography of the world's largest wine company

built up by Ernest and Julio Gallo. In Blood and Wine by Ellen Hawkes, Ernest, in his mid-80s. is portrayed as the domineering oldest brother who has bullied his way to establishing E&J Gallo as a secretive, conservatively-run, mass-market wine empire achieving sales of around 70m cases worth more than \$1bn a year, according to trade estimates.

Julio, who suffered a fatal road accident on one of the family's many ranches at the weekend, was officially in charge of wine-making, but is painted by Hawkes as a compliant softie. Meanwhile, the baby of the family. Joseph, was marginalised; even his own small cheese-making efforts were banned, after a bitter court case, from using the Gallo name.

But so powerful is the Gallo empire, based without so much as a nameplate in the small California town of Modesto, that this book represents virtually the first whiff of criticism of a winery more usually associated with its atmospheric advertisements.

Thought for today ■ Never tell a man in Berne or Basle a joke on a Wednesday. Why? Because he'll start laughing in

FINANCIAL TIMES

Wednesday May 5 1993



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Bundesbank criticised over failure to cut interest rates

By Quentin Peel in Bonn

GERMANY'S six leading economic institutes yesterday sharply criticised the Bundes bank for failing to cut its interest rates quickly and sharply enough to ease the country's recession. In spite of a gloomy forecast that the west German economy would contract this year by 2 per cent, and that of the whole country by 1.5 per cent, the institutes' spring report suggested that a pick-up would start in the last quarter. That depended on the central bank continuing to reduce its interest rates steadily through the year, they said.

The German government also came in for sharp criticism in its financial policy, for excessive increases in the tax burden planned for the coming years and an inadequate effort to reduce public spending in the west to finance transfers to east Ger-

The trade union battle for rapid wage equalisation between east Germany and the west, for

Economic forecasts f % real change (1992 in brack)			
	West	East	All Germany
Gross domestic product	-2.0 (1.5)	5.5 (6.8)	-1.5 (2.0)
Gress national product	-2.0 (0.9)	5.0 (7.4)	-1.5 (1.5)
Exports *	-1.5 (3.2)	8.0 (15.3)	-3.0 (-0.5)
Imports '	-1.0 (3.5)	2.0 (12.2)	-1.5 (2.1)
Capital investment	-2.5 (1.5)	14.5 (24.0)	0.5 (4.6)
Equipment	-7.0 (-2.7)	10.0 (13.3)	-4.5 (-0.6)
Construction	1.5 (5.6)	18.0 (34.2)	4.0 (9.1)
Public consumption	0.0 (1.0)	0.0 (4.5)	0.0 (2.8)

-1.0 (5.4)

rates by the central bank and

uncertainty as a result of the pro-

longed negotiations between the

government, opposition, the 16

states, employers and trade unions, on a "solidarity pact" for

An end to the decline in invest-

ment in equipment was in sight, thanks to declining interest rates

and the probability of gradually

recovering demand. There would

nonetheless be a clear worsening

in unemployment, with the aver-

east Germany.

-1.0 (1.6)

3.55 (2.98)

engineering workers launched a strike this week, was described

Consumer prices Unemployed (millions)

as "drastically mistaken". Overall, however, the economists, including in their ranks for the first time the Institute for Economic Research in Halle, eastern Germany, cautioned against excessive pessimism. They agreed that the economy was now clearly in a recession, but that it was close to its lowest

Causes of the sharp downturn were delays in reducing interest

The prime objective of economic policy must now be a rapid end to recession in west Germany, which would otherwise endanger the tentative recovery in the eastern economy, the institutes said. This inevitably would mean an increase in public sector budget deficits in the near term. although last year the deficit was reduced to 2.8 per cent of gross national product from 3.2 per

the year, compared with 2.98m in

Total financial transfers to eastern Germany by public sector bodies, including social security, are expected to reach DM170bn (\$105bn) in 1993, compared with

DM156.2bn last year.
What was now needed from the government was a "convincing" savings programme, in order to reassure the capital markets, the authors said, expressing some doubt that the "federal consolidation programme" agreed in the solidarity pact, would be enough.

Export of waste is burying Germany's neighbours, Page 2

Japanese

to stay in

despite

killing

Cambodia

By Robert Thomson in Tokyo

and Agencies in Phnom Penh

MR Kiichi Miyazawa, Japan's

prime minister, is to hold a min-isterial meeting today to review

the intensifying conflict in Cam-

bodia, where the ambush of a

United Nations convoy yesterday

led to the death of a Japanese

describing the attack as "unpar-

donable", insisted that Japanese

personnel would stay in Cam-

bodia, although he demanded bet-

ter protection for the 675 military

and police officers taking part in

The dead man was named as Mr Haruyuki Takada, aged 33.

Three other Japanese and at least

five Dutch marine commandos

were wounded in the ambush,

which a UN official in Phnom

Penh blamed on Khmer Rouge

The Khmer Rouge, which has

refused to abide by a peace pact

it and other warring factions

signed in October 1991, has

vowed to disrupt elections sched-

uled for May 23-28. It killed four

Bulgarian peacekeepers in two

Mr Yasushi Akashi, the UN

chief in Cambodia, travelled to

Beijing yesterday to meet Prince

Norodom Sihanouk, Cambodian

head of state, about deteriorating

security. The two are to attend a

meeting tomorrow with represen-

tatives of Cambodia's four fac-

tions in hopes of ending the

bloodshed. Mr Akashi, who is

Jananese, is to discuss the attack

with Prince Sihanouk. The prince

yesterday appealed to the war-

In Tokyo, Mr Yohei Kono, the

chief cabinet secretary, said

Japan had an important interna-

tional responsibility as part of

the UN operation in Cambodia.

but the government was under

increasing opposition pressure to

"This incident is clearly a chal-

lenge to the UN peacekeeping

forces and we cannot allow it,

Mr Kono said. He and other Japa

nese leaders returned home early

from their Golden Week holidays

Japan's Social Democratic

party, the largest opposition

party, called for the immediate

return of the personnel, arguing

that the intensified Khmer Rouge

guerrilla attacks mean that Cam-

bodia no longer fits the guide-

lines for a Japanese peacekeeping

According to the guidelines, set

after a more than a year of public

debate, Japanese personnel

should not be despatched if a

Most of the 600 Japanese mil-

itary personnel are engaged in

transport work, while 75 police

officers assist with traffic control.

ceasefire agreement collapses.

after learning of the attack.

recall the personnel.

ring factions to work for peace.

attacks last month.

the UN operation.

guerrillas.

The prime minister, while

THE LEX COLUMN

Turbulence at GPA

FT-SE Index: 2812.6 (-0.5)

GPA is at last having to realise that survival depends on more than cramming a first class cabin with classy non-executive directors such as Lord Lawson and Sir John Harvey-Jones. These failed to prevent its financial crisis. But the looming payments on GPA's bond issues leave little time for recriminations. After its failure to sell new equity even at \$1 a share, a deal with bond holders, if one can be agreed, is only part of the solution. The size of GPA's bank debt means it must still find a new source of equity. Otherwise it will be difficult to scale down its business in an orderly way. Lending to GPA will go down as another error of judgment by international banks who were initially attracted by the security it offered

This was important after the developing country debt crisis of the early 1980s. But the banks fell into two traps akin to those that snared them in property lending. They vastly overestimated the demand for new aircraft and their obsession with security led them to pay too little attention to GPA's cash flow.

GPA is now, however, so big that it needs to be kept going to prevent havoc in the aircraft market. The pain of collapse would be felt not only by manufacturers who have already seen their orders slashed. The forced sale of GPA's fleet would erode still further the value of the banks' security. Then there is the additional problem of the partnership leases which depend on GPA continuing as a going concern. Whatever the solution, it would be preferable to find a way of ensuring that GPA's existing managers can con-tinue to run the day-to-day leasing operation. They have acquitted themselves well in this regard - which cannot be said about the board's involve-

BAe/Matra

ment with grander strategy.

There is a traditional military logic in a merger between the missile businesses of British Aerospace and Matra. The two companies have roughly complementary weapons systems and sell into different geographical markets. Where they do overlap, they can stop competing aggressively and cutting each other's margins, where they do not they will have a chance to crosssell systems. As is the way with such military deals, the rationale contains little about saving money. Joint marketing may save some cash, but manufacturing capacity will probably have to be maintained. If a merger would British Aerospace

not provide any of the financial benefits normally associated with rationalisation, it is at least a sensible response to shrinking European defence spending.

The combined missile business would be better able to challenge DASA, Hughes and Raytheon for what business is going. Presumably, both parties have also ensured that Aérospatiale would not be able to pressure the French government into an all-French ordering policy. And the mooted deal confirms the new BAe management's reputation for hitting the target. What remains unclear, though, is whether either party is using the merger talks as a way to sidle out of the missile business. That still looks unlikely, but such joint ven-tures do provide the ideal cover.

BT seems to be cast in the role of perpetual bridesmaid in the US telecoms business. The company was engaged to McCaw only to see the cellular operator marry AT&T. It has also walked out with IBM and the US long-distance companies MCI and Sprint. Latterly, BT cuddled up to the computer company EDS, but the latter's attempts to divorce General Motors to move in with BT seem to

have proved too messy. The difficulty in finding a suitable partner raises questions about BT's strategy. A desire to take part in the world's largest telecommunications market is understandable. Yet, if it were to attempt a link-up with one of the large US long distance operators such as MCI or Sprint, it would face large regulatory problems. Ties to the regional 'Baby Bells' might be less controversial, but being restricted to the areas around Atlanta or San Fran-cisco might feel a little cramped. Buying computer companies would certainly be easier, but the telecommunications benefits are more nebulous and Byzantine arguments are needed to justify such deals. BT may chip away at the US market if it gets permission to lease capacity and resell it to other customers, but that hardly provides the critical mass for a serious North American challenge.

One engine of BT's ambition is its financial strength. Yet it appears unable to use its balance sheet or swelling cash flow effectively in Europe or in the US. Perhaps it should widen its gaze and consider participation in basic telephony elsewhere, or even other areas such as credit card processing or smart card development in the UK. If all else fails, subscribers to BT3 will welcome the higher dividend payments that the limits of imperial ambition would bring.

US economy

The US index of leading indicators has occasionally proved so misleading that one should not set too much store by March's 1 per cent fall. Storms and blizzards had a generally depressing effect on economic indicators for that month. More worrying is Monday's fall in the purchasing managers' index which suggests that there was no rebound in April. If Friday's employment figures also turn out weak, it will be hard to escape the conclusion that the recovery has gone awry.

More surprising is that the latest data has not put the dollar under greater pressure. Though the dollar has fallen nearly 10 pfennigs since early March, the currency market seems reductant to abandon the positive view with which the year began. This had the dollar rallying sharply on the back of a strong US recovery, offset by recession and lower interest rates in Germany.

So far, only part of this expectation has been fulfilled. Germany has moved deeper into recession and the Bundesbank is cutting rates, albeit cautiously. The D-Mark is no longer a haven for those disillusioned with the v. The quest for an tive may help explain the strength of gold. But that also means the dollar is being supported by D-Mark weakness. indefinitely, especially now the Clinton honeymoon is fading.

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Italy's Socialist leader calls for new leftwing grouping

By Robert Graham in Rome

THE break-up and realignment of Italy's traditional political parties was taken a step further yester-day by the appeal from Mr Gior-gio Benvenuto, the Socialist leader, to create a new leftwing party with a fresh symbol.

In a special meeting of the party leadership, Mr Benvenuto said he would resign if his proposals were not accepted. Mr Benvenuto was brought in to head the 100-year-old Socialist party as a compromise candidate when Mr Bettino Craxi was after being involved in the corruption scandals.

The proposal to reshape the party and shake off the publicly discredited image accumulated after years of abuse of power follows similar proposals from Mr Mino Martinazzoli, the Christian Democrat leader. The former Italian Communist party changed its name to the Party of the Democratic Left two years

ago. Mr Benvenuto, however, has felt obliged to act quickly because of the wave of protest against the party which followed the majority decision in parliament last week to block four requests by Milan magistrates to have the immunity of Mr Craxi waived to face corruption charges.

The decision led a number of prominent party members including Mr Giorgio Ruffolo, a former environment minister, to announce that they were resign-

Since the onset of the corruption scandals last year, the party has suffered a steady loss of members both at the top and among the grass roots.

The latter has been of particular concern as the party draws up year, risks being wiped out



Antonio Fazio, yesterday named as successor to Carlo Azeglio Ciampi as governor of the Bank of Italy.

Page 2; Observer, Page 13

Mr Carlo Azeglio Ciampi, the prime minister, has named replacements for the PDS and Green ministers who have resigned from his new government. The environment portfolio was given to Mr Valdo Spini. who briefly held the post in the Amato government. Finance, sciand relations with parliament went to Prof Farnco Gallo, an economist, Prof Umberto Colombo, head of the Enea research te, and Prof Paolo Barile. Mr Livio Paladin, a judge, covers

EC relations. lists for municipal elections in June. Officials from a number of major cities have warned that the Socialist party, which won 14 per cent of the national vote last

unless it changes its name and

symbol. Yesterday, Mr Benvenuto called for a constituent assembly in June and demanded that all those in the party under investigation for corruption (more than 60) should step down. He also insisted that the party in parliament approve immunity to be waived in all cases where members were involved in demands by magistrates to investigate corruption.

Of his broader aim he said: "The object is to form as soon as possible - in other words before the next general elections - a new socialist grouping within a broad realignment of the left which can present itself to run the country.

> The year of the great opportunity, Page 12

BUSINESS

Ferranti Components, Oldham, has excess of £2m for the full scale

for the Harrier GR7.

ASRAAM is a replacement for the tion common rail launchers.

Air combat range enhancement

Lancaster, PA. has been awarded display capabilities of the system a \$9.8m contract amendment for enabling pilots to obtain an enhancements to the air combat objective assessment of their training range being supplied to performance in a manoeuvring

the United Arab Emirates. The additional work brings the current contract value for this nhase to \$23.3m with a total program value of \$44.5m.

The UAE training range provides advanced air-to-ground and air-to-air training capabilities and facilities to the UAE Air Force. The system uses airborne instrumentation pods for flight data acquisition and transmission to ground stations. Additional ground tracking stations are being installed to increase the overall training range air-space. Ferranti will

engagement. The current phase of the program is scheduled for commissioning in mid 1994. Upon completion, the UAE Air Force will have a state-of-the-art, fully equipped Air Combat Manoeuv-

ring Instrumentation (ACMI)

training Ferranti activities commenced in the UAE in mid 1988 with a basic air-toground testing and training facility. Where completion of the current program is scheduled for mid 1994, it is envisaged that additional enhancements and also be introducing 'reality' additions will take the probased briefing and debriefing gram to the year 2000.

Major faces climbdown over fresh vote on Maastricht

By Philip Stephens, Political

MR JOHN MAJOR, UK prime minister, was facing the prospect of a damaging climbdown over the Maastricht treaty last night after the Speaker of the House of Commons ruled that MPs should be given another chance to vote on its social chapter.

The ruling by Miss Betty Boothroyd, reversing an earlier decision by Mr Michael Morris, the deputy speaker, precipitated a confrontation on the eve of a by-election tomorrow and of nationwide county council polls.

It gave opposition parties and members of the ruling Conservative party opposed to Maastricht the chance they had been seeking for months - to use the social chapter to overturn the government's majority on the treaty.

World

Weather

Amid conflicting legal opinions on the significance of the proposed amendment to the Maastricht bill, victory for the government's opponents would set the stage for a protracted legal battle over ratification.

It appeared last night that, left with the unpalatable choice of defeat or retreat in the House of Commons, Mr Major will prefer the latter.

That would mean acceptance today of an opposition Labour amendment designed to dilute Britain's opt-out from Maas-

tricht's social provisions. Mr Major's aides insisted that the amendment would not in the end affect British ratification. Advice given to the prime minister by the attorney-general suggests that the amendment - tortuously worded to meet the arcane procedures of the House

irritant rather than a substantive obstacle

The official line from Downing Street was: "The government does not take the view that the amendment if passed would prevent ratification of the Maastricht treaty". Aides added that the opt-out from the social chapter would also remain intact if the amendment, known as

amendment 2, was passed. That assessment was fiercely rejected by Conservative party opponents of the treaty who insisted that the amendment would effectively wreck ratification by preventing the operation of the treaty's social dimension. If the government presses ahead regardless, the sceptics will challenge it in the High Court through the procedure known as judicial review.

NEWS REVIEW

BAe chooses Ferranti to develop missile test equipment

been awarded a contract by British Aerospace Defence Dynamics worth in development and production of Electronic Test Units required for the Advanced Short Range Air-to-Air Missile (ASRAAM) programme.

ASRAAM is being developed by BAe under an MoD contract worth more than £550m with the first missile scheduled for delivery in the late 1990s

Sidewinder missile and is a 'fire and forget' system designed to arm all weather air defence fighters. It can be fired from Sidewinder or ASRAAM launchers as well as the new genera-

The Ferranti contract is for the design, development and production of an Electronies Unit for the ASRAAM Field Test Set (FTS). The FTS will be used for performing built-in-test within ASRAAM at first and second line and will be a one man portable self contained unit.

The Electronics Unit will use VMEbus based technology and will provide for the control, power and missile interfacing function of the

The award of this contract is a testimony to Ferranti technical expertise and continues the excellent working relationship with British Aerospace Defence Dynamics.

technology. This will significantly ATC software for Finland

International Cwmbran, South Wales has been awarded a contract from Siemens Plessey Systems to supply specialised training software for the Finnish Air Traffic Management Integration FATMI) programme.

Valued at over £1m, the contract covers the provision of a Perranti ISCA 2000 stimulator software suite for the FATMI Simulator. The equipment will be installed in a new Area Control Centre at Tampere under a major programme contracted to Siemens, for the modernisation of the Finnish air traffic control system.

The stimulator provides synthetic inputs to a copy of the ATC system generating pre-programmed aircraft tracks and manoeuvres enabling the user to build up a realistic operational environment for familiarisation and continuation training.

It is designed to run on DEC computers identical to the ATC control workstations that are being provided for the main operational centre. As

of well as enhancing authenticity, this feature enables the simulator workstations to be made available to augment the main centre or if necessary, brought into service as a complete standby system.

The Ferranti ISCA 2000 (Integrated Simulation of Controlled Airspace) provides a simulation software suite which is based on an open systems environment. The Tampere FIR capabilities include six pilot positions and four student positions with potential to extend by stimulating additional ATS positions and the capacity for 150 aircraft tracks and 12 radar sites.

The final objective of the FATMI programme is to significantly improve ATM services in the increasingly busy flow of aircraft over southern Finland, flying the Great Circle Route linking Western Europe with the Far East. When it is completed in 1996 the system will be the most modern and advanced in Europe.



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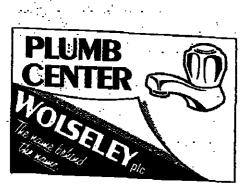
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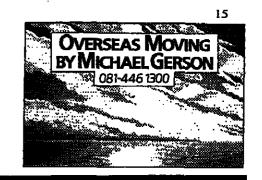


FINANCIAL TIMES

COMPANIES & MARKETS

OTHE FINANCIAL TIMES LIMITED 1993

Wednesday May 5 1993



INSIDE

Bass discusses stake in Prague brewer

Bass, the British brewer, is negotiating to buy a large stake in Prazske Pivovary (Prague Brewerles), the Czech Republic's second largest brewer privatised last year. The companies would not com-ment, but western investment consultants in Prague said talks between Bass and a consortium of investment funds have continued for some months. Page 16

Botin family fuels lending war

Spain's powerful Botin family delivered its second assault on the domestic financial sector within a week with the announcement that Bankinter, its smaller retail banking unit, was offering interest of 16 per cent on one-month deposits of Pta1m (\$8,695). Page 16

BCE falls by a third to C\$221m Falling telecommunications profits, a lower contribution from Northern Telecom and charges hit first-quarter results at BCE, Canada's biggest telecommunications group and holding company for Bell Canada and Northern Telecom. Page 18

iveco's metamorphosis

Survival stakes for Europe's hard-pressed truckmakers are dauntingly high. Neco, the commercial vehicle division of Fiat of Italy, has invested L5,000bn (\$3.35bn) to transform its products and manufacturing operations. Mr Giancarlo Boschetti, claims Iveco has gone through a "corporate metamorphosis – a butterfly emerging from a chrysalis", The question is, how well the butterfly can fly?

Russian mining hits depths



As government subsidies to Russia's coal industry hit 6 per cent of the national budget, one Siberian businessman says that to work out the real orice of coal would be "fantasy-land aconomics". But, as production slumps, nightmare might be a better analogy for Russia's huge mining community. Page

Australia switches TV rules

The Australian government has again been forced to amend its policy on subscription television, to contain embarrassment over the outcome of last week's initial licence bidding round in which two unknown companies beat Mr Rubert Murdoch's News Corporation and Mr Kerry Packer's Channel

Manila stays near record

The Manila stock market continued in record territory, taking its lead from Philippine Long Distance Telephone's overnight gains on Wall Street. The composite index touched an all-time high of 1,645.76 in late dealing before easing to close up 21,06 at 1,636.52. Back Page

Market Statistics

FT/ISMA Int bond svc 20	Liffe equity options London tradit: options Managed fund service Money markets	26-31 29 20 32-36 36 20 27 37 22
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Companies in this issue Lion Ma London & Edinburgh Bancario San Paolo Banco Santander Banesto Bankinter Martin Travel Micklegate Mosaic Invs Brent Walker Reader's Digest Seatchi & S Samsung Silentnigh Dyno Industrier Edgars Enterprise Computer 22 Thernes Water 17 Thornes Cook HINKOOWN

Chief price changes yesterday

Hongkong Land

+ 25 103

By Robert Thomson in Tokyo

THE Long-term Credit Bank of Japan will send the head of its London branch back to Tokyo to oversee the restructuring of international operations at Kumagai Cumi, the Japanese contractor and property developer, burdened by about Y700bn (\$6.3bn) in debt.

LTCB's move follows the transfer of an executive at Sumitomo Bank to assist restructuring of Kumagai's domestic operations, hurt by the collapse of Japanese property prices and by financial exposure to unsuccessful resort developments.

Y300bn in properties over five years to

Mr Yasunori Fujii, general manager of LTCB's London branch, is expected to return to Japan at the end of this week and be formally appointed senior managing director of Kumagai, responsible for international business, at a board meeting next month.

involved because it backed some of Kumagai's ventures and has a small shareholding in the company, which had an envied reputation in the 1980s as a successful international contractor.

But the company has begun to retreat from the international market, and over the past three years overseas receipts have fallen from 25 per cent to 8 per cent of

Kumagai has already been forced to sell cherished assets, including a self-developed office complex in Reading, in the UK, sold in late March for a reported Y7.7bn. It has also raised funds by reducing a

stake in the increasingly independent Kumagai Gumi (Hong Kong), which is par-ticularly successful in the Chinese market. Three years ago, Kumagai had a 35 per cent stake in the Hong Kong company, but

that will be reduced to just over 6 per cent. Transfer of bank staff is the preferred Japanese method of restructuring an alling company, as it sends a clear signal to other creditors that the banks have no intention of allowing the company to col-lapse. However, the lead banks are expected to accept a reduction in interest payments on their own exposure to the troubled company.

GPA GROUP is to negotiate with its bondholders after its board yesterday discussed new restructuring options including a plan aimed at swapping more than \$2bn in unsecured debt into

talk with

of bonds

holders

The financially troubled aircraft leasing company is expected formally to start talking with its bondholders at the end of the

The decision effectively marks the end of its current restructuring plan which excluded the pos-sibility of asking bondholders to make concessions.

However, GPA's failure to raise new equity at \$1 a share means its lenders will not allow it to pay the \$220m of bonds that mature in May and June.

Its banks are now expected to give it a further temporary waiver of breaches on its banking covenants on Friday on the understanding that talks with bondholders take place.

One lead banker said: "GPA realises it has to do a deal with its bondholders, which will close the door on the future possibility of raising money from the capital markets." In a separate move the group

is expected to promote Mr Phil Bolger, who runs the leasing business, and Mr Patrick Blaney, chief operating officer, to its main board. Lenders to the group are con-

cerned a split could occur between middle management, which is effectively running the business, and senior directors involved in the restructuring. While some bankers would like to see the early departure of

Mr Tony Ryan, chairman and founder, there has been no co-ordinated pressure from lenders for a change in GPA's top posts. The group had hoped to make one further attempt to raise equity from new investors after

most banks agreed in principle

to defer \$1bn of debt repayments

until 1996. However, the few outside shareholders who expressed said GPA should seek conces-

sions from bondholders. General Electric has been in discussions with GPA about the possibility of buying assets and taking warrants to subscribe for new shares at a later date. But the US company has not been willing to take part in the convertible preference share issue

Japanese banks step up Kumagai rescue

Missiles industry locks on new course

David White and Paul Betts on the move to joint ventures in Europe's arms sector

The joint effort by the two leading Japanese banks highlights the seriousness of the situation at Kumagai, which has struggled in domestic and international markets to meet a goal, set last year, of selling reduce its debt.

LTCB officials said the bank has become

THE rationalisation of The miguiles business - pact and morgers with the second s Europe's defence industry yesterday gathered speed with confirmation that British Aerospace and Matra of France are in advanced negotiations to merge their guided weapons activities into a joint company. At last September's Farnborough Air Show, Mr Noel Forgeard, head of the Matra conglomerate's core defence and space activities, was insisting that "in the missiles business, something has to be done". At the time, Matra had started talks with BAe about a possible link of their respective guided weapons

cial said yesterday.

The Cold War spawned more companies in Europe and the US making missiles or systems for missiles than could survive in an age of diminishing government ence budgets.

activities. This led to the pro-

posal to form a joint company

with annual sales of more than

£1bn (\$1.54bn) and employing

8,000 people. It would be big

enough to compete against larger US missiles manufacturers.

"It is impossible to avoid a

restructuring of the missile industry in Europe in the face of

what has happened in the US where they are regrouping into

gigantic companies," a Matra offi-

In the US, a reshuffle of the industry has begun in earnest, with Loral's takeover of the former LTV group's guided weapons activities and the sale of General Dynamics' powerful missiles division to Hughes Aircraft, part of

Hughes and Raytheon, makers of the Patriot, the ground-to-air defence missile used in the Gulf war, are in a class of their own by sheer size, setting a challenge to medium-sized manufacturers on both sides of the Atlantic.

variety of weapons in Europe. designed to pool expertise and meet the high cost of developing new systems, has proved only a

partial solution. Agreements have often proved fragile and contentious, with too many collaborative ventures competing for a shrinking market. in the late 1980s, BAe and Matra became increasingly aware of the need to forge more stable cross-border partnerships with other European manufacturers

through joint venture companies and equity links. BAe, which launched a sweeping restructuring of its Dynamics attempted to forge an Anglo-French missiles merger in 1989 with Thomson CSF, the

French state-controlled defence

o medium-sized manufacturers
n both sides of the Atlantic.
Cross-border collaboration on a biggest guided weapons company called Eurodynamics. But the . deal collapsed after negotiations were delayed for more than a

Banesto plans biggest capital

increase in Spanish history

year by monopoly investigations. BAe sees Matra providing a new opportunity to forge an Anglo-French missiles merger. The original plan was to build on a takeover of BAe's space activities by Matra Marconi Space, a joint venture between Matra and GEC-Marconi of the UK. But the two sides could not agree on a price and the takeover fell through. That did not prevent the two companies continuing and intensifying discussions on the

For Matra, BAe offered a chance to establish a joint venture company which could be widened to embrace other French, British and German com-

Through a joint venture com-pany with BAe, Matra sees an opportunity to take a leading part in a much-mooted reorganisation of the industry in France, possibly including Germany's

Deutsche Aerospace, the aerospace and defence arm of Daimler-Benz. Matra, which otherwise risked playing a second-ary role to Aerospatiale and Thomson CSF in the current French plans to rationalise its missiles industry, will considerably strengthen its negotiating position if it quickly finalises an agreement with BAe.

Both BAe and Matra said yesterday that their products were largely complementary, with BAe strong in air-to-air missiles and Matra in ground-to-air weapons. The main conflict of interest between Matra and BAe is in medium-range air-to-air missiles: the French company's Mica and a new "fire-and-forget" version of

BAe's Sky Flash. In January, Mr John Weston, managing director of BAe's defence activities, confirmed he was looking for strategic partners: "Quite obviously there are

we can find the right joint ventures, with the right sort of financial structure that suits everybody's shareholders, then yes, we are open for joint ventures." But a BAe-Matra agreement could set the stage for even broader rationalisation of the UK guided weapons industry. Matra has already raised the possibility

some significant international

movements at the moment in the consolidation of the industry. If

of further "vertical integration" coni, the traditional supplier of guided systems for BAe missiles. GEC-Marconi has its own whole-system missile business, a secretive venture it bought from Ferranti International, with a lucrative contract for Abu Dhabi. But its ambitions to evolve into a leading prime contractor for guided weapons have so far failed to bear fruit.

on GPA's terms. Lex, Page 14 Lex, Page 14

at Pta1,500. JP Morgan's \$1bn Corsair bank fund will invest would meet its dividend obliga-tions next year to a much wider \$200m in this issue, offering an extra Pta400 per share for sub-

By Peter Bruce in Madrid

BANESTO, the large Spanish commercial bank, said yesterday it had decided to make a capital increase worth about Pta130bn, (\$1.12bn) the largest in Spanish history, in a three-stage plan co-ordinated with JP Morgan. The plan, preliminary details of

which were made public in February, would be used to strengthen the bank's capital base, Banesto said. The bank's BIS ratio would rise from 9.3 per cent to 12 per cent as a result of the capital increase. A weak capital base has long been a drag on Banesto's profitability, analysts

Banesto said the three phases of the plan, which had also attracted a promised investment from GE Capital, would involve: coupon of between 6 and 7 per • A three-for-one rights issue,

tal. New shares would be priced scription rights. This could give the JP Morgan fund a stake of close to 10 per cent in Banesto. A placement, with investors, of 22.2m shares worth Pta42.25bn. Some \$20m of this will be shares distributed by the bank to employees. The shares will be priced at Pta1,900. Banesto said this was 27 per cent more than current shareholders had paid but the bank's stock closed in Madrid yesterday at Pta2,350. • A \$400m convertible bond

announced in February, designed to raise Pta52.66bn in new capi-Although some analysts in Madrid questioned how the bank group of shareholders, the plans have been greeted positively. The presence of JP Morgan as leader of the Corsair group has lent credibility to the operation.

Banesto's successful sale ear-lier this year of its Banco de Mad-rid affiliate to the Deutsche Bank for Pta42bn has also greatly strengthened market confidence in the bank.

Banesto was, nevertheless, vague last night about what it intended to do with the money it was raising, saying it wanted to attract first-rate shareholders, to strengthen collaboration with Banco Totta and unite the interests of the board and the bank's cent and help increase the bank's

Eight Lloyd's syndicates close

issue abroad. Banesto said the

five years bonds would carry a

By Richard Lapper in London

STURGE HOLDINGS, the biggest group of Lloyd's agencies, yesterday surprised the London insurance market by closing eight syndicates - including two of the market's largest - and dismissing 40 staff.

The closures are part of a rationalisation geared to improve efficiency, strengthen management and attract fresh capital including corporate investors to Sturge's remaining 15 syndicates. They follow the announcement last week by Lloyd's of its new business plan, which aims to guide the market to profitability. "We have carried out an effective call and tied our thinking in with the business plan," said Mr

Terry Hayday, chief executive.

David Coleridge, announced the unlikely to be able to attract sup-resignation of its finance directory, either from Names - the tor, Mr Peter Davis, earlier this year and has now sacked 170 of its 1,320 staff since September. The closure has caused conster-

nation among brokers who suggested the market's capacity to accept business could be adversely affected since both syndicates 206 and 210 were regarded as leaders in marine and United States non-marine business 203, 209, 428, 212, 782, and 950. respectively, often accepting large individual risks on their own account.

"It is terrifying that a group of that size could do something so radical," said one London broker. "Capacity will be tight all

Mr Hayday said that each of the eight axed syndicates had

port, either from Names - the individuals whose assets currently back Lloyd's - or new corporate investors.

Syndicate 206 lost £61.53m (\$94m) (compared with capacity of £175.8m), while syndicate 210 also faces a deficit of £68.06m (capacity of £183.97m). The six other axed syndicates also incurred losses in 1990: they are

The losses reflected poor trading conditions generally although syndicate 782's losses reflected £3.4m in claims from a scheme to compensate local authorities for employing supply teachers to cover for sick colleagues.

Mr Hayday said he hoped to stem the decline in the agency's capacity to its present level of The group, which is chaired by performed poorly in 1990 and in £725m by attracting fresh corpothe former Lloyd's chairman, Mr some earlier years and were rate capital.



£24 million

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Bass negotiates for large holding in Prague brewer

BASS, the British brewer, is negotiating to buy a large stake in Prazske Pivovary (Prague Breweries), the Czech Republic's second-largest brewer which was privatised

The companies would not comment on the negotiations, but western investment consultants in Prague said talks between Bass and a consortium of investment funds have continued for some months. At the beginning of negotiations. Bass is said to have been seeking a minority position in

stake through capital injections. An analyst said yesterday: "They wanted something in the 35 to 40 per cent range, which was roughly the amount of shares available through the large [investment] funds. I don't think that's changed."

The consortium includes some of the largest Czech investment funds which gained control of most of the 72 per cent of the company's shares sold in last year's youcher privatisation. The funds have yet to receive the shares from the government, but they are acting as de-facto owners. "They the Czech company, with the got together and agreed on a ery," the analyst said. The share transfer, due last month, was postponed because

of a dispute between Prague

and Bratislava. Other shareholders include the National Property Fund, which oversees privatisation, with 10 per cent; employees (10 per cent); Pragopivot (5 per cent), and the Restitution Fund (3 per cent). Total common

equity is Kcs880.5m (\$31m). The Czech company was established in 1948 and has three large breweries. In 1991, it reported a pre-tax profit of Kcs217.7m on sales of Kcs1.03bn.

SE Banken firm in heavy trade

By Hugh Carnegy

SHARES in Scandinaviska Enskilda Banken vesterday stood at more than twice their value of a week ago as market sentiment that the worst of Sweden's banking crisis may be over fuelled more heavy trading in the stock of the country's biggest, but loss-burdened, bank.

SE Banken's most-traded A shares closed last night at SKr16.50, down slightly from Monday's close of SKr17 on profit-taking, but still far ahead of their level last Tuesday of SKr7.60.

By Ian Rodger in Zurich

cent to SFr7.8bn.

HOLDERBANK, the multi-

national cement group con-

trolled by Mr Thomas Schmi-

dheiny, said its consolidated

net income jumped 54.2 per

cent last year to SFr390m

(\$267m) on sales up 19.5 per

Cement and clinker deliv-

eries rose 12.3 per cent to 43.1m

tonnes, and ready-mixed con-

Although the surge in price of the past two trading days was checked, the number of shares traded - 10.4m - was 24 per cent ahead of Monday's

The dramatic rally was touched off when Mr Björn Svedberg, the chief executive. told the bank's annual meeting on April 27 that first-quarter operating results before loan losses would show an improve-

This bint of recovery after last year's full-year operating loss of SKr5.37bn (\$705m) was followed by an announcement from Svenska Handelsbanken that it would show a first-quar-

crete sales advanced 10.6 per

Shipments of aggregates

The financial figures were

composed under international

accounting standards (IAS) for

the first time, and comparative

results for 1991 were adjusted.

from operations jumped 82.5

per cent to SFr1.15bn.

Holderbank said cash-flow

increased by 8.7 per cent to

cent to 13.2m cubic metres.

ter profit, with lower-than-expected loan losses, and a fall in first-quarter losses at Gota

Analysts said the combination of a brighter outlook for the banks and the low price of SE Banken shares set off the rally. But they warned there were still high risks attached to the banking sector, which would continue to carry high loan losses this year and next.

SE Banken, apparently itself concerned that the market turnround may be premature, repeated advice to investors that it considered the outlook for its shares to be "uncer-

Holderbank income jumps 54% Spending on plant and equipment was up 24 per cent to SFr761m. The holding company, Holderbank Financière Glaris,

reported a 9 per cent rise in net

profit to SFr75.3m after making

SFr39.3m in provisions, up from SFr12m in 1991. The directors are proposing unchanged dividends of SFr12.50 per bearer share and SFr2.50 per registered share.

German banks in co-operation venture

By David Waller in Frankfurt

BHF-BANK, the Frankfurtbased merchant bank, is set to forge a co-operation agreement with the Düsseldorf-based IKB Deutsche Industriekreditbank, an institution which specialises in providing long-term finance to small and mediumsized businesses.

The agreement, announced after the stock market closed yesterday, is to coincide with a share swap agreement under which BHF has taken a 10 per cent stake in IKB whilst the Düsseldorf institution will acquire 3.5 per cent of BHF's

No price was given for BHF's share purchase, but it is likely that it paid about DM190m (\$118m) for the IKB holding.

The move is the bank's second large expansion move within months, following its £235m (\$361.9m) agreement to buy jointly a 90 per cent stake in Charterhouse, the UK merchant bank with Credit Commercial de France.

The German banks said that the agreement is to focus on a number of business areas including the provision of credit for companies, export and credit financing, as well as mergers and acquisitions and other types of corporate finance advisory work.

BHF increased group operating profits by 6.9 per cent last year to DM366m. Group business volume is DM54bn compared with DM37bn at IKB. The two banks have for the past 10 years worked together via a jointly-owned property leasing company.

At the same time, the tw banks said IKB and Credit National, its French co-operation partner, would be taking a 5 per cent cross-holding in each other with the aim of intensifying financing bustinvestment.

Botin family fuels Spain lending war

By Tom Burns in Madrid

THE POWERFUL Botin family delivered its second assault on Spain's domestic financial sector within a week with the announcement yesterday that Bankinter. its smaller retail banking unit, was offering interest of 16 per cent on onemonth deposits of Ptalm (\$8,695).

The development followed a rapid counter-attack by most of Spain's leading banks which sought to neutralise a bold initiative by Banco Santander, the Botin family's major bank, to capture the domestic mortgage market by offering sharp rate cuts to homebuyers.

Santander launched a "lending war" on Friday by cutting its variable mortgage rate by 0.75 per cent to 11.50 per cent and by offering, as a new product, 12-year mortgages at a fixed 11.50 per cent. With the notable exception of Banesto,

all Santander's rival banks had by yesterday announced similar rate cuts.

Although Bankinter and Santander are formally separate institutions Mr Emilio Botin, chairman of Santander, is deputy chairman of Bankinter and his brother Mr Jaime Botin, chairman of Bankinter, is deputy chairman of Santander. The Botin family owns nearly 6 per cent of Santander and. both directly and indirectly, close to 50 per cent of Bankin-

The interest rate now being offered by Bankinter is well above anything that is being offered by the domestic high street banks. At best, depositors could obtain around 13 per cent for one-year deposits in excess of Pta20m. Bankinter. which is very tightly managed bank, is able to offer 16 per cent because it is a net lender on the interbank market where

current rates are between 15.75

and 17 per cent. Overheads at Bankinter are minimal - a key element in the 16 per cent interest on offer is that clients may arrange their high interest deposits on the phone - and the bank is clearly willing to accept a very small margin in order to widen its deposit base. Analysts believe that the

Bankinter will create a major

stir within the banking sector.

"It is a very attractive and very aggressive initiative," said Mr Benito Vera of Credit Lyonnais Securities in Madrid. Santander, which has an extremely large deposit base largely as a result of a pioneering venture into high interest accounts four years ago, is now pursuing the strategy of breaking forcefully into the mortgage market. Mortgages have up to now been dominated by the savings banks and by the state-controlled institutions of

At present, Santander has a mortgage market quota of less than 4 per cent and loans to homebuyers represent only 8 per cent of its total lending The bank says it intends to raise its mortgage activity to represent between 25 and 30 per cent of its loans, a proportion which is considered nor-

mal among European banks Argentaria was the first to introduce rate cuts in response to Santander and Banco Bilbao Vizcaya (BBV) and Banco Central Hispano (BCH) have both since joined the "lending war" fray. Analysts said the cost of the competition could be heavy for both BBV and BCH and could be prohibitive for Banesto should the latter bank also cut its rates.

Banesto said, however, it had not considered any change to its lending policy. "We do not believe that it is in our interests to do so." said a Banesto spokeswoman.

Bancario San Paolo in operational shake-up

ITALYS banking sector could be set for further rationalisation with signs that Istituto Bancario San Paolo di Torino, the country's biggest bank in terms of assets, may merge operations of its two big regional banking subsidiaries into the parent.

The news comes with an admission by the bank, which floated 20 per cent of its shares last vear, that it is also considering changing its articles of association to allow a majority of its equity to be listed.

San Paolo is one of six big Italian banks, formally owned by charitable institutions, which are closely associated with the public sec-

So far, only two have listed their shares, and none has gone beyond floating a minority of its equity capital. The bank's board last week

took the first step to incorporating its big Banco Lariano and Banca Provinciale Lombarda subsidiaries by commissioning a study to consider the effects of their merger with the parent company.

The move has been mooted before, but it is the first time the bank has taken firm action to pursue it further. Banco Lariano, based in

the Argentaria banking group.

Como and 85 per cent owned by San Paolo, has assets of L18,805bn (\$12.6bn). Assets of Bergamo-based

Banca Provinciale Lombarda, which is 70 per cent owned, totalled L17,397bn at the end of San Paolo itself has total

assets of L150,613bn. Incorporation of the subsidiaries both of which are listed on the stock market, could pro-

vide considerable tax and cost savings.

However, the move has always been rejected on the grounds that it would risk alienating clients given the two banks' strong regional identities. It would also be very expensive in terms of buying out minority shareholders.

Following the listing of San Paolo itself, the cost of incorporation could be sharply reduced by offering sharehold ers in the subsidiaries a share swap with equity from the parent company, rather than only

Lasmo gives Chris Greentree £2.2m pay-off

By David Lascelles, Resources Editor

MR CHRIS Greentree, who was replaced as chief executive of Lasmo, the lossmaking UK independent oil company, last January, has received a pay-off totalling £2.2m (\$3.38m).

Under an agreement announced yesterday, the also to receive £44,000 to cover repatriation and other

Lasmo said that it is paying Mr Greentree \$1,233,500 in compensation for loss of office. He had two years of a three-year contract to run.

He will also receive the benefit of various insurance policies and pension entitlements which are expected to provide him with a pension of \$189,000

The value of the insurance policies, built up over 10 years, is about \$2.2m. The existence of the policies had not previously been disclosed, a spokeswoman for the company said yesterday.

Mr Greentree was ousted from Lasmo after the company reported a loss of £385m and & cut its dividend due to heavy borrowing costs.

In his last year at the company he was paid a total of £480.647 including a £50,000 performance bonus. an increase of 40 per

This announcement appears as a matter of record only

INVESTCORP S.A.

U.S. \$330,000,000

Eurodollar Term Facility

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Autobahnen- und Schnellstrassen-Finanzierungs- Aktiengesellschaft

U.S. \$200,000,000 **Guaranteed Floating Rate**

In accordance with the provisions of that the Rate of Interest for the three month period ending 4th August. 1993 has been fixed at 3.0875% per annum. The interest accruing for such three month period will be U.S. \$78.90 per U.S. \$10,000 Bearer Note, and U.S. 1789.03 per U.S. \$UNI,000 Bearer Note, on 4th August, 1993 against presentation of Coupon No. 3.

Union Bank of Switzerland London Branch Agent Bank 29th April, 1993

GREEK EXPORTS S.A. DENATIONALIZATION

ANNOUNCEMENT OF PUBLIC TENDERS FOR THE HIGHEST BID FOR THE COMPANIES OF THE FORMER PIRAIKI-PATRAIKI GROUP

GREEK EXPORTS S.A. established in Athens at 17 Panepistimiou St. and legally represented, in its capacity as liquidator, in accordance with article 46a of Law 1892/90, as supplemented by article 14 of Law 2000/91 and following Decision No. 289/13.4.93 of the Board of Directors of the I.R.O.

ANNOUNCES

Repeat Public Tenders for the Highest Bid with sealed, binding offers for the sale, as a whole, of the assets of each of the following companies under liquidation:

1. PIRAIKI-PATRAIKI SYROS SPINNING MILL S.A. registered in Syros and engaged in the production of yarns (cotton and mixed polyester and cotton). It has 24 Ring machines with 8,392 spindles. The factory is in the Enthermon area of Ermoupolis, Syros, on a self-owned plot of 5,726m2.

2. PIRAIKI-PATRAIKI SAMOS SPINNING MILL S.A., registered in Samos, and producing combed conton yarns with 40 Ring machines nd 24,480 spindles in a factory with an area of 12,626m2 in the Varella area of the Community of Vathea on a plot of land of 184,474m². 3. PIRAIKI-PATRAIKI CHALKIDA WEAVING MILL S.A. registered in Chalkida and producing

unbleached cotton fabrics. It is considered to be one of the largest in Greece in terms of looms with 182 SULZER 153 looms and 88 SULZER 110 looms. The factory, of 104,248m' in volume is in the Vrontou area of Chalkida (within the town plan) on a plot of 42,882m2 in area.

1. In General: The Public Tenders for the Highest Bid will be conducted in accordance with the provisions of article 46a of Law 1892/90 and the terms contained in the present announcement. The submission of a binding offer signifies the unreserved acceptance of all terms. 2. Offering Memorandum: Interested parties are invited to receive, from 12.5.93 onwards, the informative

offering memorandum which contains a detailed analysis of the company's assets for sale. 3. Binding Offers: In order to take part in the tender, interested parties must submit sealed, written, binding

offers up to 11 a.m. on Wednesday, 28th May 1883 to the following notaries: a. For P-P SYROS S.A.: Evangelia G. Sofikitou, 13 Emm. Roidi St. (First Floor), Syros, Tel. 30-281-24439

b. For P-P SAMOS S.A.: Ionannis N. Kiranis, Vathy, Samos.

c. For P-P CHALKIDA S.A.: Ioannis E. Geroyannis, 22 Venizelou St., Chalkida, Tel. 30-221-23343. The offers must specifically state the offered price and set out in detail the terms of payment (in cash or in

instalments, stating the number of instalments and the dates of payment). Offers submitted beyond the time limit will not be accepted or considered. Offers will be binding up to adjudication. 4. Letter of Guarantee: Each offer will be accompanied by a letter of guarantee from a bank legality operating

in Greece and valid for at least three months (based on the specimen contained in the offering memorandum) to the amount of 50 million drachmas for each of the above-mentioned companies. Offers unaccompanied by a letter of guarantee will not be considered. 5. Submission procedure: Offers, together with the letter of guarantee, must be submitted in a sealed, opaque

envelope, either in person or by a legally authorised person. 6. The blds will be unsealed by the notaries mentioned in para. 3, in their offices, at 12 noon on 28th May

1993. Persons who have submitted a binding offer in time are entitled to be present at the unsealing and to sign the relevant minutes of the unsealing and to sign the relevant minutes of the unsealing. 7. The highest bidder is considered to be the one whose bid was evaluated and proposed by the liquidator and

approved by the creditors who represent more than 51% of the claims against the companies (hereinafter: "the Creditors"), in their absolute judgment, as being in the best interests of the company's Creditors. It is to be noted that where payments by instalment are concerned, present values will be taken into account in evaluating the bids, to be calculated at an annual interest rate of 22% with annual compound interest. 8. The liquidator will notify the highest bidders in writing, stating the time and place at which they must be

present to sign the relative contract for the transfer of the assets, according to the terms of their offers and any other improved terms suggested by the Creditors and agreed by the highest bidders. In the event that the person to whom the assets for sale have been adjudicated fails in his obligation to come and

sign, within thirty (30) days from being invited to do so by the liquidating company, the relative contract and abide by the obligations accruing from the present announcement, then the deposited guarantee is forfeited in favour of the liquidating company, GREEK EXPORTS S.A. in order to cover whatever expenses, time spent and any actual or hypothetical loss sustained, without any obligation to account for it, or, also, GREEK EXPORTS S.A. has the additional right to consider that the guarantee was forfeited to it as a penalty clause, in which case again it has the right to retain the guarantee or collect it from the guarantor bank.

9. All expenses and expenditures of any kind for participation in the tender, and transfer expenses, are to be borne exclusively by the interested buyers and the highest bidder, whichever the case. The VAT charge for the transfer of movable assets will be paid by the buyer.

10. The liquidator and the Creditors have no liability or obligation towards participants in the tender for the evaluation of the bids, the adjudication to the highest bidder, the decision to repeat or to cancel the tender and generally for any other decision regarding the procedure or conduct of the tender. Also, the liquidator and the notaries are not responsible for any actual or legal faults in the assets for sale. The submission of binding offers does not constitute an adjudication right for the sale and in general, participants in the tender do not acquire any right, claim or demand from the present announcement or from their participation in the tender against the liquidator or the Creditors for any reason or cause.

11. The present announcement was drawn up in Greck and translated into English. In any eventuality, the Greek version will prevail. Interested buyers, after completion of the sale, will not have the right to use, in any way, the company name of PIRAIKI-PATRAIKI. The PIRAIKI-PATRAIKI trade mark will remain as an asset of the PIRALKI-PATRAIKI COTTON INDUSTRY S.A.

For additional information, interested parties may apply to: GREEK EXPORTS S.A., 17 Panepistimiou Street, Athens, Tel. 30-1-324.3111-5 Fax: 30-1-323.9185 and to the INDUSTRIAL RECONSTRUCTION ORGANISATION (IRO) S.A. 234 Syngrou Ave., 176 72 Athens, Tel. 30-1-956.4300 Fax: 30-1-956.8788 and

Athens, 4th May 1993

FINANCIAL TIMES WEDNESDAY MAY 5 1993

INTERNATIONAL COMPANIES AND FINANCE

Ray of light under blanket of gloom

Kevin Done examines investment plans of Iveco, Fiat's truck division

HE stakes that Europe's systems and computer nethard-pressed truckmakers must gamble in order to survive have become daunting. The weaker players are being swept aside by reces-

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As the European truck industry slides into a fourth year of retrenchment, Iveco. the commercial vehicle division of Flat of Italy, is reaching the climax of a L5,000bn (\$3.35bn), five-year investment programme aimed at transforming its products and manufacturing operations.

With capital commitments on such a huge scale, the truck industry, is not for the fainthearted. Iveco has been in loss for the past two years, as demand for trucks across Europe has fallen sharply, but it must maintain this level of investment to become one of the industry's elite.

Daf, the Dutch vehicle maker which collapsed into receiver-ship in February, is only the latest and most notable victim of the war of attrition that has cut the number of European truckmakers from 25 in 1975 to 10. The number shows every sign of falling further.

Iveco has managed to establish itself among the "big three" of the European truck industry, along with Mercedes-Benz of Germany and the Franco-Swedish alliance of Renault and Volvo.

But it has had a tougher road to travel than any of its rivals. From a limited base in Italy in the 1970s it has been forced to undertake an ambitious series of acquisitions of some of Europe's weaker players. It has shouldered an important part of the rationalisation and restructuring of Europe's truck industry.

Iveco fell behind its rivals in the 1980s in developing new products. It was distracted by the task of moulding disparate operations and corporate cultures from France, Germany, Spain and the UK into a single. integrated group, as well as creating a pan-European sales and marketing network.

It has mounted a formidable effort in the past five years to close the gap. Each year, from 1988 to 1992, it has spent between 4 and 4.5 per cent of its turnover, or about L350bn a year, on research and development for new products. R&D spending has totalled L1,706bn in the past five years. In the same period, capital expenditure has been running at between 6.3 and 8.8 per cent of ments pay in an era when volturnover, or about L598bn a

year, totalling L2,989bn. goal has been to transform Iveco from a national company with scattered plants into a single, transnational company, firmly established production, design and engineering linked by common

The launch next month in Turin of two new truck series, EuroStar, for long-distance haulage, and EuroTrakker, for heavy off-road construction work, marks the climax of the product renewal process.

But the series are hitting the market when the industry is "struggling under the grip of the most hostile economic environment for over 20 years", according to DRI Europe, the London-based

automotive analyst.
Iveco has suffered two years of losses, while rivals, such as Volvo and Renault, are awash with red ink. Daf has crashed: Renault has given up truck embly in the UK; AWD, the British independent truck-

nated R&D, manufacturing and distribution facilities and is present in all the European markets. It has completed the reorganisation of the manufacturing assignments of all its plants in Italy, Spain, France, Germany and the UK.

So-called modular construction, a strategy pioneered by Scania, the Swedish heavy truckmaker, to overcome its relative lack of size, became a guiding principle for Iveco.

In 1987, its engineers working in three countries were given the task of standardising all the essential sub-systems of a truck - cabs, axies, engines, chassis frames and gearboxes - into basic modules. It has invested 8.2m hours of enginearing into redesigning these five main sub-systems.

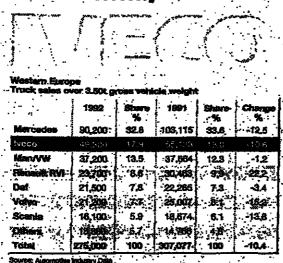
customer's needs," he adds Mr Boschetti admits that one priority is to invest in training for salesmen to "ensure the benefits reach the customer". He says this is where the battle-lines will be drawn between surviving truckmakers, as they all achieve similar levels of

ut the revolution in sales and marketing is to be the next phase of Iveco's corporate revolution. For the moment, rocked back like all its rivals by the ferocity of the recession in the European truck market, Iveco is measures to stem the losses. After only breaking even in 1990, and with losses of FI 199m

in 1991 and Fl 187m (\$103.8m)

iveco Net profit/loss (Fl millions)

The road to recovery



maker that took over the Bedford truck operations, collapsed into receivership; Mercedes-Benz has abandoned its plan to build a truck plant in eastern Germany.

"Truck manufacturers and dealers in Europe are scrambling to survive the most drawn-out recession in truck sales for more than two decades, which has settled like a blanket of gloom over the entire truck market in western Europe," says Automotive Industry Data, the UK analyst.

hen Iveco embarked on its transformation project in the midproject in the mid-1980s, truck producers were enjoying a four-year period of growth and profits, which peaked with record volumes in 1989. It must now make investumes and margins are under the severest pressure, and competition is inten

Iveco claims it has increased its competitiveness and expanded its global presence through the integration of design, manin six countries, and with ufacturing, logistics and marketing functions.

ules" is concentrated in specialised centres in Brescia, Bourbon-Lancy, Foggia and Turin. Assembly has been focused in Brescia, Langley in the UK, Madrid and Valladolid in Spain and in Ulm, Germany. Iveco claims to have cut

costs significantly. It has reduced its suppliers from 2,000 to 700 as they switch from individual components to producing sub-systems. According to Mr Giancarlo Boschetti, Iveco chief executive, manufacturing rationalisation has allowed the company to reduce the number of components by 20 per cent. Standardised modules have made it possible to utilise in truck manufacture the sort of

Manufacture of the "mod-

ated with volume car production, he says. The sweeping renewal of products and manufacturing processes has spread to sales and marketing, says Mr Bos-chetti. Iveco salesmen will now have lap-top computers to give them access to the catalogue of modules that make up the

automated techniques associ-

in 1992 (Iveco is incorporated in the Netherlands), it was forced to cut its workforce by 4,000, or nearly 10 per cent, in 1992. This rationalisation has been led in the UK and in Soain, where its most recent acquisitions. Iveco Ford Truck and Iveco Pegaso, have continued to run up losses.

It is pouncing eagerly on the opportunity offered by the col-lapse of Daf to try to recruit about one-fifth of the former Anglo-Dutch truck producer's main dealers in the UK.

While markets shrink in Europe, Iveco is pushing to develop its presence in Asia. Exports outside west Europe accounted for 19 per cent of its sales volumes last year, com-pared with 13 per cent in 1989, It is establishing a significant presence in India and China.

The key to Iveco's future, however, lies in delivering the promise of a corporate trans-formation in Europe. Mr Boschetti claims Iveco has gone through a "corporate metamor phosis - a butterfly emerging ufacturing, logistics and marroduct range.

"The salesman effectively caterpillar". The question is, lt now has centrally co-ordidevelops the vehicle to fit the how well the butterfly can fly? All of these securities having been sold, this advertisement appears as a matter of record only.

US\$192,687,800

Compañía de Teléfonos de Chile S.A.

4½% Convertible Subordinated Debentures due 2003

Global Coordinator Goldman, Sachs & Co.

US\$35,925,000

This portion of the offering was offered outside the United States and Chile by the undersigned

Goldman Sachs International Limited

S.G. Warburg Securities

Swiss Bank Corporation

Nomura International

Credit Lyonnais Securities

Banco Español de Crédito S.A. (BANESTO)

Citibank International plc

ABN AMRO Bank N.V.

James Capel & Co.

Paribas Capital Markets

Santander Investment Bank Limited

US\$35,925,000

This portion of the offering was offered in the United States by the undersioned

Goldman, Sachs & Co.

S.G.Warburg Securities

Salomon Brothers Inc

Bear, Stearns & Co. Inc.

First Analysis Securities Corporation

US\$120,837,800

This portion of the offering was made in Chile pursuent to a preemptive rights offering that expired on April 6, 1993.

CELFIN, Agente de Valores Ltda.

April 1993

Chemicals result pushes Dyno to NKr75m

By Karen Fossii in Osio

DYNO Industrier, the diversified Norwegian group, yesterday reported a NKrilm increase in first-quarter pre-tax profit to NKr75m (\$11.2m), helped by a strong performance by the chemical divi-

Dyno outperformed forecasts by domestic analysts, who had predicted pre-tax profit of about NKr55m, but its shares closed NKr4 lower at NKr95 on the Oslo

Group sales rose slightly to NKr191bn from NKr188bn as

NKr118m.

first-quarter operating profit by NKr31m to NKr76m, but sales remained unchanged at NKr544m. The explosives divi-sion saw operating profit nearly haived to NKr31m from NKr60m, as sales rose by NKr33m to NKr918m.

industry," Dyno explained.

NKr1.91bn from NKr1.88bn as operating profit fall operating profit, before finan- by NKr10m to NKr20 as

The chemical division lifted

The explosives group held steady in North America and Australia, while European activities show a decline following a slump in the building

cial items, rose by NKr14m to sales dipped by NKr4m to as B shares plunged by NKr8

wegian group best-known for its radiology products, yesterday reported a 4 per cent rise in first-quarter pre-tax profit to NKr381m.

was restrained by lower sales in several European markets and government price restrictions o n pharmaceuticals.

The plastics division saw

NKr443m.

• Hafslund Nycomed, the Nor-

The improvement, however,

The result was weaker than domestic analysts' forecasts of

around NKr405m. On the Oslo bourse yesterday, Hafslund's A shares closed NKr7 lower at NKr143,

to NKr145 and free shares fell by NKr6 to NKr147.50. Group sales, including royalties, rose by NKr126m to NKr1.541bn, as operating expenses increased by NKr175m to NKr873m.

Mr Eric Cameron, a Haishund executive, said the increase in operating expenses resulted from costs associated with the introduction of new products increased purchases of electricity by the energy division to meet higher demand. The capital outlay would be recovered by subsequent electricity sales, he said

February 1993

NOBEL INDUSTRIES AB

has sold.

NobelTech Systems AB and NobelTech Electronics AB

CELSIUS INDUSTRIES AB

BANEXI (UK) Limited

acted as financial adviser to Nobel Industries AB



Paris - New York - London Frankfurt - Düsseldorf - Brussels Madrid - Barcelona - Milan - Lisbon

Union Bank of Switzerland Finance N.V. U.S. \$250,000,000 Guaranteed Floating Rate Notes due 2002

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending 4th November, 1993 has been fixed at 5% per annum. The interest accruing for such six month period will be U.S. \$25.56 per U.S. \$1,000 Bearer Note, and U.S. \$255.56 per U.S. \$10,000 Bearer Note and U.S. \$2,555.56 per U.S. \$100,000 Bearer Note on 4th Jacobsky 1003 against pressure to 1003 against November, 1993 against presentation of Coupon No. 2. Union Bank of Switzerland London Branch Agent Bonk

£150,000,000 HALIFAX

29th April, 1993



30th April 1993 28th May 1993

£1425%

These Bonds have been sold.



The Republic of Venezuela

DM 150,000,000 10¹/₄% Deutsche Mark Bearer Bonds of 1993/1998

> **COMMERZBANK** AKTIENGESELLSCHAFT

BANCO MERCANTIL VENEZOLANO, N.V.

DRESDNER BANK

AKTIENGESELLSCHAFT

GIROZENTRALE

DAIWA EUROPE

NOMURA BANK

(DEUTSCHLAND) GMBH

(DEUTSCHLAND) GMBH

BAYERISCHE LANDESBANK

CSFB-EFFECTENBANK AKTIENGESELLSCHAFT

SCHWEIZERISCHER BANKVEREIN (DEUTSCHLAND) AG

DEUTSCHE GENOSSENSCHAFTSBANK

BANQUE BRUXELLES LAMBERT S.A. BANQUE PARIBAS (DEUTSCHLAND) OHG

> **BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT**

HELABA FRANKFURT LANDESBANK HESSEN-THÜRINGEN

LEHMAN BROTHERS BANKHAUS AKTIENGESELLSCHAFT

SALOMON BROTHERS AG

- DEUTSCHE KOMMUNALBANK -MORGAN STANLEY GMBH

DEUTSCHE GIROZENTRALE

YAMAICHI BANK

DEUTSCHE BANK

AKTIENGESELLSCHAFT

GIROZENTRALE

BHF-BANK

WESTDEUTSCHE LANDESBANK

BAYERISCHE HYPOTHEKEN-

UND WECHSEL-BANK AKTIENGESELLSCHAFT

(DEUTSCHLAND) GMBH

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INTERNATIONAL COMPANIES AND FINANCE

BCE first-term profits fall by a third to C\$221m

By Robert Gibbens in Montreal

DECLINING telecommunications profits, a lower contribution from Northern Telecom and special charges depressed BCE's results in the first quarter.

BCE. Canada's biggest telecommunications group and the holding company controlling Bell Canada, Northern Telecom and many other communications interests, reported net profit of C\$221m (US\$175.3m), or 65 cents per share, down one-third from C\$298m, or 88 cents, a year earlier.

Total revenues were C\$5bn, up 3 per cent from C\$4.86bn, including C\$4.7bn from telecommunications, against

Mr Lynton Wilson, chairman, told the annual meeting BCE's performance reflected relatively flat revenues from 100 per cent-owned Bell Canada and C\$86m of Bell special restructuring expense.

"Bell Canada's results for the rest of 1993 should improve, although they will be affected by a telephone rate application," he said. Most of Bell Canada's activities are regulated by the federal govern-

Bell Canada's contribution equalled 48 cents per BCE share, against 71 cents a year earlier. The utility's local busi-ness gained slightly with an improving economy, but rising competition from Unitel and resellers reduced long-distance

Bell Canada is countering with new services and options that generate higher revenues. International telecom business was up, reflecting higher volume and last year's acquisition of 20 per cent of Mercury

Communications. Northern Telecom's results in the first quarter were hit by slower margins and higher research and market develop-

It contributed 15 cents per BCE share, against 20 cents. Corporate activities showed a C\$2m loss, against a C\$7m deficit a year earlier. This included the financial services unit.

The first quarter also included a special gain of 10 cents a BCE share from the sale of TransCanada Pipelines

Mr Wilson said BCE's telecommunications business cannot compete effectively if federal regulation continued to be stifling and unpredictable. Market forces must play a larger role in setting prices or Bell Canada will have to be reorganised to improve finan-

cial returns," he said. Mercury would benefit from BCE's research, equipment manufacturing and network development and the link with Cable & Wireless will give BCE

greater international reach. BCE planned other alliances and investments and would spend C\$2bn on international expansion, he said, while Northern Telecom would focus its expansion on Asia, eastern

Europe and Latin America.

IBM personnel chief retires

By Louise Kehoe in San Francisco

MR WALT Burdick, senior vice-president in charge of personnel at IBM, is to retire at the end of May after 38 years with the company.

IBM did not name a successor to Mr Burdick. Industry analysts believe the personnel director will be critical to a successful transformation of IBM because the company

must boost employee morale while cutting thousands of

• Dell Computer, the US PC maker, has promoted Mr Joel Kocher, US president of operations, to oversee worldwide sales, marketing and service operations, in a senior management shake-up.

The company also said Mr Andrew Harris, president of Dell International,

Reader's **Digest** results disappoint

By Jeremy Bennallack-Hart

SHARES in Reader's Digest, the New York-based magazine publisher, fell by 11 per cent yesterday on disappointing revenues and flat operating In early afternoon trading

on Wall Street, the shares were down \$5% at \$41%, and close to their 52-week low. Operating profits were up only 2 per cent at \$137.6m in the third quarter to March 31, on revenues 3 per cent ahead at \$737.6m. Net income was 5

per cent higher at \$95.5m. The company said revenues would have risen 8 per cent without the impact of foreign exchange rate movements. International revenues rose 10 per cent and would have risen about 19 per cent without foreign currency movements.

Revenues from US operations fell 6 per cent to \$307.6m due to lower sales in the domestic Books and Home Entertainment Division.

Mr George Grune, chairman and chief executive officer, said: "This quarter's lower results stem from an increasing number of product offerings in a relatively short time frame. Our testing indicates that these offerings could have been better implemented."

Mr Alan Gottesman, an analyst with PaineWebber, said the US Books and Home Entertainment Division had been pushing too hard, with products competing with each other". But he added that the problem was now "as bad as it is going to get".

Mr Grune said there were continued strong advertising sales for Reader's Digest magazine and the company's special interest magazine group.

Magazine revenues rose 2 per cent to \$173.5m for the quarter, reflecting higher subscription prices and increased US advertising revenues. The company also

announced a programme to repurchase up to 3m class A non-voting common shares after a similar programme in February 1992. It has about 97m of the shares outstanding.

Cominco's woes test management mettle

The Canadian metals group has failed to live up to expectations, writes Bernard Simon

THE list of problems fac-ing Cominco, the Canadian metals group, is long enough to test the ability of the most hardened corporate trouble-shooter.

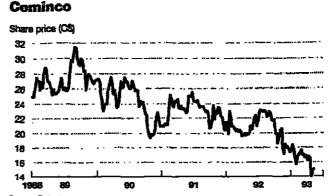
The price of zinc, Cominco's biggest revenue earner, has slumped by a quarter in the past nine months, the company's flagship Red Dog mine in Alaska is producing well below capacity, and a new lead smelter at Trail, British Columbia, has been idle since it was commissioned more than three years ago.

Burdened by hefty water taxes at Trail which keep rising even when profits are falling, Cominco has lost C\$108m (US\$85.7m) since the start of 1991. More than one-third of the loss occurred in the first three months of this year. The share price is now only about half its 1989 peak of C\$32.13.

As if that were not enough, Mr Robert Hallbauer, the forceful chief executive who has spearheaded efforts to ease Cominco's financial and production troubles, is undergoing treatment for leukaemia. He will be away from the office for at least another two months.

Mr Norman Keevil, chairman, made no attempt to hide Cominco's woes at last week's annual meeting in Vancouver. Announcing a suspension in the interim dividend, he said: We cannot let (recent losses) continue for any length of

Cominco was expected to convert the facility to a smeltflourish after control shifted ing process known as Kivcet, five years ago from dowdy



Canadian Pacific to an international base metals consortium comprising Metallgesellschaft. the diversified German metals group, Australia's MIM Holdings, and Teck Corporation of Vancouver. MIM and Teck own 45 per cent of Cominco.

The new shareholders installed Mr Hallbauer, a Teck veteran, as chief executive, and But relations between the

company and its new shareholders - and among the shareholders themselves have at times been strained. Mr Keevil made an important break with the past at the annual meeting by announcing that, after three years of indecision, Cominco was abandoning the German-designed QSL technology used in the troubled lead smelter. It plans to

The saga of the smelter is by no means over, however. Cominco is claiming compensation for an alleged breach of contract from Lurgi, the German engineering group which also claim for loss of earnings during the three years it has had to rely on an old, inefficient smelter which the QSL facility was meant to replace.

hances are that Cominco's claim will go to arbitration. Mr Erich Manges, head of Lurgi's commercial department, expresses "surprise and disappointment" at Cominco's decision. He notes that QSL smelters

are working successfully in Germany and Korea. Mr Manges says Lurgi remains willing to adapt Trail to the high lead and zinc residues contained in feedstock for the Canadian plant.

one of the world's biggest metallurgical complexes, can prosper. Despite the high-cost lead smelter, operating losses there dropped to C\$10m last year from C\$53m in 1991.

Trail's big advantage is nearby hydro-electric stations which Cominco owns. But as a is also one of the few private companies in British Columbia subject to the controversial water tax.

A provincial inquiry two years ago recommended a C\$14m cut in property and water taxes as part of a package of measures needed to ensure Trail's viability.

The social-democrat government has baulked, however, at reducing the water levy, apparently for fear it will set a precedent for BC Hydro, the provincial power utility.

Cominco is adamant the C\$100m conversion of the lead smelter to the Kivcet process will not go ahead until the bur-den of the water levy is light-

Talks between the two sides have quickened recently. The government is understood to have offered other forms of relief, but Cominco is concerned this would still expose it to hikes in the water levy. Meanwhile, the company is

examining ways of using its hydro-electric resources to help finance conversion of the smelter. One possibility could be to involve BC Hydro in expansion of the power plants.

for the Red Dog mine is bright ening. The mine produced only 70 per cent of its design output last year, as a result of unexpectedly complex geology and high lead oxide impurities.

Sinve

refurits

r Keevil told the annual meeting Red Dog should reach capacity before the end of this year. That would lower unit costs by almost one-third, and make the mine profitable even at the current zinc price of 46. US cents per pound. Mr Rick Cohen, mining analyst at Goe-pel Shields in Toronto, thinks the worst is over for Cominco.

Besides coming to grips with the problems at Trail and Red Dog, the company has raised C\$158m by spinning off its fertiliser division into a new public company.

The 60 per cent-owned Snip gold mine in northern BC has performed well above expecta-tions since it started production in early 1991. Another new property, the Quebrada Blanca mine in Chile, in which Cominco has a 39 per cent direct stake, is due to produce its first cathode copper early next year - on schedule and on bud-

The best news would be a turnround in the zinc market Cominco has cut 1993 metal output by 50,000 tonnes in an effort to help bring down swollen worldwide inventories. But Mr Keevil has indicated further cutbacks are unlikely unless other producers show a greater willingness to restrain

Italian insurer hit by investment write-down

By Haig Simonian in Milan

RIUNIONE Adriatica di Sicurta, the stock market listed Italian insurance company controlled by Allianz of Germany, reported a steep drop in net profits to L95bn (\$63m) last year from L201bn in 1991.

The reduction came in spite of a 13.9 per cent rise in group premiums to L7,337bn and a 14.5 per cent increase to L3,720bn for parent company premiums.

Mr Umberto Zanni, chairman, explained the earnings

slide stemmed from a L214bn write-down on the group's investment portfolio. Like other financial institutions, RAS has had to write down heavily the value of its government bond holdings due to last year's severe price volatility.

However, Mr Zanni stressed the recovery in government securities in the past four months implied RAS would show sharp extraordinary earnings this year. Mr Zanni also pointed to a

marked upturn in the group's underwriting position. Losses

on the non-life side fell by L30bn to L147bn. "But for third party motor insurance, we would have shown a underwriting profit in 1992," he said.

The group is looking forward to the planned liberalisation of the motor insurance market in July 1994, which will allow tariff increases and the introduction of more personalised policies geared to clients' claims

In the meantime, RAS hopes the government will approve a reasonable increase in tariffs for this year.

The underwriting improvement was reflected in a 22 per cent rise in operating profits to L240bn in 1992. Combined with the upturn in

bond prices, RAS has decided to pay an unchanged dividend of L300 a share for ordinary shares and L360 a share for savings stock. The payout, which leaves

only L7.9bn of net earnings attributable to extraordinary reserves, is 24 per cent higher than that in 1991 due to last November's rights

USAir offering raises \$231m

By Nikkl Tait in New York

USAir, the US carrier in which British Airways invested \$300m for a 19.9 per cent voting interest earlier this year, has raised a net \$231m from its sale of new ordinary shares at \$20.75 per share. The underwriters exercised their overallotment options and a total 11.5m new shares were sold.

In addition to the money from the offering USAir will receive another \$99.2m from British Airways - bringing the total raised to around \$330m.

THE GAN GROUP IN 1992: A MIXED YEAR

Confirmation of the forecast: , net income of FFr #02 ran Turnaround in the international division Increased claims in the non-life sector Fligh level of profitability in the life sector Banking activities hold up well

At the Board of Directors' meeting on April 26, 1993, chalred by François HEILBRONNER, the 1992 accounts to be submitted to the AGM on June 23 were approved.

Insurance premiums advance 10%

(in billions of French francs)	1991	1992
Premium Income	39.7	43.7
% Increase	+ 18.5	+ 10.0
Technical provisions	127.1	149.1
As a % of premium income	320.0	341.0
Insurance activities' contribution to		
consolidated net income	1.5	0.2

International 11.7 billions of french francs

Life France 20.3 billions of French francs



In France, the non-life insurance companies had a satisfactory increase in premium income (+ 8.5 % for GAN incendie Accidents), while the Vie and Capitalisation's companies' premium income rose 6 %. However, these figures mask contrasting performances: Socapi, the joint subsidiary of GAN and CIC. once again had a substantial rise in activity (+ 47 %), and GAN Capitalisation's premium income increased 12.8 %. But, after several years of rapid growth, GAN Vie's premium income declined 10.8 % due to the fail in subscriptions to the variable-capital contract, linked to property assets. Internationally, GAN's foreign subsidiaries' income rose 11 %.

Non-life results in France suffered from increased claims

Net income of the French insurance companies fell sharply relative to prior years, because of the deterioration in nonlife technical provisions, and fewer capital gains realized (- FFr 530 million relative to the 1991 figure), demonstrating our cautiousness, because of the poor performances of the financial and property markets.

Net income from the VIe and Capitalisation insurance companies was maintained at a level of 8 %, relative to premium income. Unfortunately, GAN incendie Accidents' results, after several years of high profitability, were affected by a number of factors: a significant increase in motor vehicle thefts, increased broken windscreens and accidents to parked cars claims, which resulted from the reform of the no-claims system, as well as a

exceptional weather conditions

Measures to Improve the situation were taken, including greater selectivity of risks and modulating policy premiums. These measures will be continued and reinforced during 1993, thereby assuring a rapid return to technical equilibrium.

significant increase in natural catastrophe claims, because of

The international division returns to break even

Internationally, after two years of heavy losses, the effective measures implemented by management allowed GAN's international subsidiaries to return to profitability, before taking into account amortization of goodwill and minority

CIC's results were profitable and gross operating income increased sharply

(in billions of French francs)	1991	1992
CIC's net banking income (including sundry income)	17.1	18.0
% Increase	+ 10.3	+ 5.3
CICs gross operating income		
(after amortization of goodwill)	4.3	5.Q
% increase	+ 25.6	+ 15.8
Contribution of banking and financia	al	
activities to consolidated net incom	e 0.8	0.2

Rigorous efforts were taken to contain the rise in administrative costs, and their increase was limited to 1.7 %. The CIC Group also succeeded in improving gross operating income (after goodwill amortization) by 15.8 % to FFr 5 billion.

The deteriorating economic situation, which affected both the property and the small-to-medium-sized companies sectors, resulted in the CIC Group substantially increasing its provisions. Net charges to operating provisions amounted to FFr 4.996 billion, a 66.4 % increase on a year-over-year

Despite difficult operating conditions, the CIC Group reported profits of FFr 116 million. The fall is essentially attributable to certain specialized subsidiaries (Bail Equipement, UBR); on the other hand, the regional banks, which represent the core of the Group, had a solid performance.

Financial solidity is maintained

(in billions of French francs)	1991	1992
Balance sheet total	624.9	696.5
Shareholders' equity (Group share after appropriations)	21.7	20.9
Operating income	115.7	130.7
Group share of net Income	2.3	0.4

Income ratio reached 189 % globally and is one of the highest ratios of the market. The solvability ratio varies. according to the Insurance companies of the Group, from 4 to 4.4 times the minimum regulatory margin.

CIC's Cooke ratio exceeds the minimum requirement and

A dividend of FFr 4 per share Société Centrale du GAN's Board has decided to

propose a dividend of FFr 4 net, per share (after the 4 for 1 stock split) plus a tax credit of FFr 2. which represents a total of FFr 6 compared with FFr 18.86 (after the stock split) in 1991. This dividend will be paid on July 5, 1993.

Welcome to

SCA's Annual General Meeting

The shareholders of Svenska Cellulosa Aktiebolaget SCA arc hereby invited to attend the Company's Annual General Meeting, to be held at the Stockholm Palladium on Kungsgatan 65 in Stockholm at 4:30 p.m. on Wednesday, May 26, 1993.

Agenda

1. As stipulated in the Company's Articles of Association, the agenda includes the presentation of SCA's Annual Report and Auditors' Report, Consolidated Financial Statements and Consolidated Auditors' Report, decisions on approval of the Income Statement and Balance Sheet, and Consolidated Income Statement and Balance Sheet, disposition of the Company's earnings as shown in the approved Balance Sheet, voting on the discharge of the Board of Directors and President from liability for the 1992 fiscal year, approval of the fees to the Board of Directors and Auditors, and the election of the Board of Directors and Auditors.

2. The Board of Directors' proposal on a decision to revise § 3 of the Company's Articles of Association to change the registered office from Sundsvall to Stockholm,

Notification Shareholders wishing to participate in the Meeting must: be recorded in the share register maintained by the Swedish Securities Register Center (Vardepapperscentralen VPC AB)

not later than Friday, May 14, 1993, and notify SCA of their intention to participate not later than 4:00 p.m., Friday, May 21, 1993; in writing, to SCA, S-851 88 Sundsvall. Sweden, or by relephone +46 60-19 30 00, or +46 60-19 31 14.

Notification should contain the following information:

name personal identification number (where applicable) and/or company registration number

address and relephone number. Shareholders who have transferred their shares to the trust department of a bank, or to a private broker, must remporarily

Such temporary re-registration should be received by the trust department or broker well in advance of the deadline. Those intending to act as a delegate to represent shareholders must prove such authorization through a written, dated power of attorney to this effect. This type of power of attorney is valid

register the shares in their own name with the Swedish Securing

Register Center (VPC) not later than Friday, May 14, 1993.

for not more than one year from the date written. Payment of dividend, etc.

The Board of Directors has proposed Tuesday, June 1, 1993 as the record date for payment of the dividend. If the shareholders at the Annual General Meeting approve the proposal, it is expected that dividend payments will be mailed by VPC on Tuesday, June 8, 1993.

Refreshments will be served between 3:00 and 4:15 p.m. Sundsvall, Sweden, May 1993

The Board of Directors



ASSETMIX SICAV

Société d'investissement à capital variable

Registered office: rcure, 41 avenue de la Gare, L-1611 LUXEMBOURG

R.C. de Luxembourg B28390 NOTICE OF EXTRAORDINARY GENERAL MEETING

The shareholders of Assetmix (the "Corporation") are hereby convened to an extraordinary general meeting of shareholders to be held in Luxembourg or 14th May 1993 at 10:00 a.m. at the registered office, 41, avenue de la Gara Centre Mercure, 7th floor, L-1611 Luxembourg, with the following agenda: To approve the merger of the Corporation into Commercial Union Privilege Portfolio (CUPP) a 'société d'investissement à capital variable" under the laws of Luxembourg having its registered office at 41, avenue de la Gare, Centre Mercure, 8th floor, L-1611 Luxembourg, specifically:

upon hearing (i) the report of the board of directors explaining and justifying the merger proposals published in the Mémorial, Recueil Spécial on 30th March 1993 and deposited with the Chancery of the District Court of Luxembourg, and

(ii) the mudit report prescribed by Article 266 of the law on corporations prepared by Coopers & Lybrand, Luxembourg, to approve such merger proposals.
 to approve that, on 25th June 1993, or any other date to be decided by the meeting (the "Effective Date") there shall be issued and allocated to the shareholders of the different classes of shares in the Corporation new shares in CUPP to correspond to

the classes of shares designated or to be designated as: Class of shares in Assetmix Alpha European Fund Alpha Japanese Fund Alpha Pacific Rim Fund

Alpha UK Fund Alpha US Fund Alpha Worldwide Equity Fund Gold Share Fund Sterling Bond Fund US Dollar Bond Fund Deutschmark Bond Fund Alpha Worldwide Bond Fund Sterling Reserve Fund US Dollar Reserve Pund Deutschmark Reserve Fund

Class of shares in CUPP European Growth Fund Japanese Growth Pund Far Eastern Growth Fund UK Growth Fund American Growth Pund Private Client Managed Fund Gold Share Fund (new portfolio) ng Bond Fund (new portfol US Dollar Bond Fund (new portfolio) Deutschmark Bond Fund Worldwide Bond Fund (new portfolio) Sterling Reserve Fund US Dollar Reserve Fund Deutschmark Reserve Fund

- ::-

at the rate of 1 new share of the relevant classes of CUPP for each cancelled share of the relevant class of Assetmix with respect to the following classes of shares: Gold Share Fund Sterling Bond Fund

upon conversion of shares of the relevant classes of Assetmix into a certain pur of shares of the correspondent classes of shares of CUPP on the basis of the respective net maset values per share on the Effective Date, with respect to the following classes of shares: Alpha European Fund Alpha Japanese Fund Alpha Pacific Rim Pund

Worldwide Bond Fund

Alpha Worldwide Equity Fund Deutschmark Bond Fund Sterling Reserve Fund US Doller Reserve Fund

Alpha US Fund Deutschmark Reserve Fund to state that the Corporation be wound up on the Effective Date and all its shares i

issue are to be cancelled. ons on the agenda of the extraordinary general meeting will require a quorum of at least 50% of the outstanding straves and will be adopted if voted by the 2/3 of the

The following documents shall be at the disposal of the abareholders for inspection and for expires free of charge at the registered office of the Corporation:

1) the Merger Proposals, 2) the annual reports of the corporation and of Commercial Union Privilege Portfo for the last three corporate years,

the reports of the board of directors of the Corporation and of Commercial Unio

the report of Coopers & Lybrand relating to the Merger Proposals
unaudited financial statement of Assermax as of 31st January 1993.
prospectus of Commercial Union Privilege Portfolio.

Holders of bearer shares who would like to attend the meeting should deposit the

chares either at the registered office of the Fund, or at the Custodian Banque Générale du Luxembourg, 14, rue Aldringen, L-1118 Luxembourg at least 3 days prior to the date

BY ORDER OF THE BOARD

INTERNATIONAL COMPANIES AND FINANCE

look abroad for higher returns

By Patrick Harverson

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US INVESTORS bought a record \$51.5bn in foreign stocks and bonds last year as institutions and individuals continued to look overseas to diversify their portfolios and find higher returns.

In 1991, US investors bought \$47bn of foreign securities. In contrast, foreign investors were net sellers of US equity securities in 1992, selling \$5.2bn of stocks over the 12

In the previous year, overseas investors had been net buyers of US stocks. US investors continued to

months.

prefer foreign stocks to bonds, said the Securities Industry Association However, acquisitions of

fixed-income securities grew faster than acquisitions of stocks, the SIA said. In total, US investors bought \$32.1bn of foreign equities, and

\$19.4bn of bonds. As always, European markets were the main beneficiaries of US demand, attracting a record \$17bn in direct investment, the bulk of it (\$11.3bn)

going into UK stocks. Mr David Strongin, director of international finance at the SIA, said that the UK's withdrawal from the European exchange rate mechanism, and a sharp drop in UK interest rates, made UK equities look especially attractive to US investors.

The busiest part of the year for US buying of foreign stocks was the final quarter, which suggests that US investors saw the turmoil in European currency and equity markets as a

buying opportunity. Asian markets received \$8.9bn, of which about half went into Japan.

US investors bought more Japanese stocks last year than in 1991, an indication that they believed the Tokyo market was heading for a recovery.

Interest in other Asian securities was particularly focused

on Hong Kong. US investors poured \$2.8bn into the colony in the hope of taking advantage of rapidlygrowing Chinese stock

US investors | Mixed results at South African **Breweries units**

By Phillip Gawith in Johannesburg

THE three retail and manufacturing subsidiaries in the South African Breweries (SAB) group reported mixed results for the year to March, with useful performances from Edgars and Lion Match counterbalanced by a R45m (US\$14.3m) loss at OK Bazaars.

All three companies suffered from weak consumer spending. Tight financial management helped Edgars and Lion Match overcome the difficult trading environment, but OK Bazaars was held in check by radical restructuring.

Apart from the restructuring, which forced OK Bazaars to record a R40m extraordinary loss, over and above the R45m trading loss, the group has appointed a new managing director, Mr Mervyn Serebro. Management said it was in

the process of repositioning the group, but expected further losses this year. A priority will be to improve OK Bazaars' operating margin, which dropped to under 1 per cent last year with operating profit slipping to R49.9m on a turn-

First-term sharply at DnB

By Karen Fossii in Oslo

Edgars, the clothing, foot-wear and textiles group lifted attributable earnings by 18 per cent to R186m (R157.5m). Edgars is the main non-beer contributor to SAB's profits. The results testify to aggressive marketing during the second half. First-half sales rose 9 per cent: they were 16 per cent higher for the 53-week reporting period - at R3.2bn. six-year banking crisis.

Margins were maintained. and with interest charges dipping, pre-tax profits increased by 20 per cent to R36im. On a divisional basis, R145m of the R185m attributable profit came from Edgars stores and R52m from Sales House while Jet made a R2m loss. Both Sales House and Jet improved their performance by over 70 per

Mr George Beeton, managing director, predicted satisfactory growth in earnings for the year ahead. The overall dividend for 1992-93 was 140 cents a share,

cent compared with 1992.

against 119 cents. Attributable earnings at Lion Match (shaving equipment and packaging as well as matches) increased by 22 per cent to R15.4m. The improvement reflected significantly lower

Tenaga Nasional beats market expectations

By Kieran Cooke in Kuala Lumpur

TENAGA Nasional, Malaysia's partially-privatised electricity utility, reported pre-tax profits of M3911m (US\$354m) for the six months to February 1993, a 15 per cent increase over the same period last year. Turn-over improved to M\$2.4bn from M\$2.06bp.

The results were slightly above market expectations and reflect expanding power sales in Malaysia's fast-growing

economy.
Tenaga shares were beavily oversubscribed when the government sold some 25 per cent of the company a year ago. But it fell out of favour following a series of power failures.

Tenaga said unexpectedly high demand and maintenance work had necessitated load shedding in several areas. The company admits that adequate power supplies might not be available for some months.

Analysts point out that demand for electricity is likely to continue to expand. But any future large scale power failures might lead to the government reorganising the com-

They also say that with more than 25 per cent of Tenaga's long-term loans ven-denominated, the company is likely to be hit by the continued rise in the value of the Japanese currency, which has appreciated 12 per cent against the Malaysian dollar-so far this year.

losses down

DEN NORSKE Bank, Norway's biggest commercial bank, yesterday reported a sharp fall in first-quarter net losses to NKr138m (\$20.5m) from NKr601m, but warned that the persistent high level of credit losses and non-performing loans made it far too early to declare an end to Norway's

Group net interest income rose by NKr91m to NKr1.23bn as other operating income - from the share portfolio, foreign exchange and other financial dealings - increased by NKr413m to NKr958m.

DnB accumulated NKr245m

in unrealised gains in the first quarter which were not included in the accounts. The gains came from an increase in the value of its share and bend portfolios - NKr137m for shares and NKr107m for bonds resulting from declining interest rates.

"The improvement in performance is thus greater than what appears in the accounts," said Mr Finn Hvistendahl, chief executive. Group operating profit, before losses on loans and guarantees and write-downs on assets, shot up by NKr591m to NKr1.06bn. Losses on loans and guaran-

tees increased by NKr153m to NKrl.17bn as the non-performing loan portfolio has risen by NKr484m to NKr12.07bn since the end of last year.

Loan losses at the London subsidiary remain high - up from NKr66m to NKr128m for the quarter - and significantly impacted the level of overall group credit losses.

The shipping loan portfolio had specified loan losses of NKr53m, against NKr84m last year, but accounted for more than 50 per cept of unspecified group loan losses of NKr170m. Group operating expenses were cut by NKr88m to NKr1.132bn year-on-year. "We have achieved a steady

reduction of costs each year since 1988," Mr Hvistendahl pointed out. He said 121 full-time jobs had been cut in the first quarter while staff had been reduced by 37 per cent in the last five years to 6,185 at end-March.

Australia changes TV rules again

By Emelia Tegaza in Melbourne

THE AUSTRALIAN government has again been forced to amend its policy on subscrip-tion television, this time to contain embarrassment over the outcome of last week's bidding round for the initial

On Friday, the government awarded the first licences to operate satellite subscription television to little-known companies UCOM and Hi Vision, which bid A\$177m (US\$125m) and A\$212m respectively. The companies won the bidding despite intense competi-

consortia, notably a combination involving Mr Rupert Murdoch's News Corporation and Mr Kerry Packer's Channel Nine television network. This consortium, which included Telecom Australia, the government-owned tele-

tion from larger international

communications carrier, was reported to have offered A\$70m. US Continental Cable



Rupert Murdoch: consortium lost out to little-known groups

group is said to have bid A\$53m. The government said it received a total of 50 separate bids for the two licences.

The decision to award the rights to the licences on a strictly "highest bidder" basis has stunned the Australian media industry, which had been confident that one licence

would be awarded to the Packer-Murdoch consortium.

Under the rapidly-revised bidding rules, if UCOM or Hi Vision fail to put up the cash involved in their bids, the tenders will be awarded to the next highest bidders. This time, however, the winners will have to provide a non-refundable 5 per cent deposit within three days.

Under the original rules, tenders had to be accompanied by A\$500. Bid winners are now required to raise the bid amounts 30 days after getting clearances from the Australian Broadcasting Authority and the Trade Practices Commission, the competition regula-

The process was widely crit-

icised within the media industry yesterday for allowing highly speculative bids from groups that did not have strong financial backing or little or no enough experience in operating television networks. In a statement on Monday evening, Hi Vision said Philips Australia, GEC and Marconi were likely participants in its licence, UCOM has not issued a

statement on its plans. The government's change of tack is the latest in an 18month saga of policy lurches on pay-TV that includes battles within the Labor government and opposition parties, lobbying by fearful TV networks and

a court battle. "However, potential deficiencies in the current arrangements have been noted in recent days and it is desirable to provide a systemic solution for the future in the allocation of broadcasting licences generally," Mr Bob Collins, transport and communications min-

ister said. The government has changed its pay-TV policy several times since the first draft was published in November 1991. It opted for one exclusive licence, then two, excluded the state broadcaster, and then guaranteed it two channels. allowing non-satellite cable at

Indonesia's Astra tumbles 61%

International, Indonesia's leading automotive company, reported a 61 per cent fall in net profits last year to Rn81 49hn (\$39.3m), including one-off disposal gains of Rp33bn, writes William Kee-

ling in Jakarta. The figures, at the lower end of expectations, seal a turbulent year for the company. which saw the founding Soeryadjaya family reduce its majority stake in order to

stave off personal bankruptcy. A reduction in Astra's holding in United Tractors accounted for half the disposals, but the company declined to reveal the identity of other

Vehicle sales for the first three months of this year have fallen by 16 per cent year-onyear, to 20,971.

Banks are renegotiating Astra's estimated \$800m foreign debt. Brokers estimate the company also has about Rp600ba in local debt and a \$150m convertible bond. Its net debt to equity ratio, not including the convertible bond, rose from 110 per cent in 1991 to 140 per cent last year.

However, Astra has maintained its reputation as Indonesia's foremost blue-chip stock. **NEWS IN BRIEF**

with a price to earnings ratio twice the local stock market

■ Coles Myer, Australia's largest retailer, reported a solid increase in third-quarter turnover and appeared to be heading for a strong sales performance for the full year, writes Bruce Jacques in Sydney.

Mr Peter Bartels, chief executive, said adjusted thirdquarter sales had risen 5 per cent to A\$3.54bn (US\$2.5bn), lifting sales for the first nine months by 4.4 per cent to A\$11.46bn.

Mr Bartels said sales figures, which had been adjusted for last year's disposal of some of the company's New Zealand interests, reflected a strong performance, against an inflation rate of about 1 per cent.

"We are particularly pleased that the rate of sales increase has been gathering momentum during the year despite the depressed economic conditions," he said. "The continuing improve-

ment in performance by two of our major businesses, Coles Supermarkets and K mart. gives us confidence for a good full-year result "

■ Burns, Philip & Company, the Australian food technology and hardware group, reported higher earnings and sales for the nine months to March, but remained cautious about the full-year result, writes Bruce Jacones.

Nine-month net profits rose 22 per cent to A\$74.8m (US\$52.8m) on a 17 per cent sales rise to A\$1.98bn. This was despite a static third-quarter net profit of A\$20.3m.

Mr Andrew Turnbull, managing director, warned that the company traditionally earned higher profits in its first half. He said the full-year result would depend on the level of consumer confidence.

The food and fermentation division was the biggest earnings contributor, lifting profit from A\$41.2m to A\$63.2m. Hardware division profits rose from A\$12.2m to A\$13.8m.

■ Australian National Industries, the engineering group. reports near static net earnings of A\$38.6m for the nine months to March on a 2 per cent sales increase to A\$878.3m. writes Bruce Jacques.

Contract ban on Samsung Construction

By John Burton in Seoul

SAMSUNG Construction. South Korea's fourth-largest construction company, has been banned from bidding on domestic construction projects for six months for its role in the nation's worst train accident in March.

Samsung Construction, part of the Samsung group, is being blamed for the accident, in which 78 people died.

The unusually tough penalty is a severe blow to Samsung Construction, which is heavily dependent on domestic orders. Samsung officials estimate that the construction company could lose between Won700bn and Won1,000bn (\$880m to

\$1.25bn) in orders this year. The company last year received total orders of Won1.6bn, of which only 12.5 per cent came from overseas. Samsung Electronics has acquired Harris Microwave Semiconductor, a US specialist in chemical compound computer chips. The deal is expec-ted to help Samsung expand its cordless telecommunica-

流队

Discount Bank and Trust Company Geneva

BALANCE SHEET AS AT 31st DECEMBER 1992

19.753.136

165.803.236

28.627.354

271.572.164

47.000.000

569.778.000

62.037.687

31.869.000

150.205.588

5.280.974.547

409.000

Cash in hand, Swiss National Bank and Post Office deposits Due from banks, at sight Due from banks, on time of which due within 90 days: 2.640.329.861 Bills and money market paper of which Federal securities: 96.015.263 Advances in current accounts, unsecured Advances in current accounts, secured of which secured by mortgages: 3.226.867 Unsecured time loans and advances Secured time toans and advances of which secured by mortgages: 12.014.919 Loans to public authorities of which certificates of deposit: 11.025.000 Permanent participations Bank premises Other real estate holdings Other assets

1940 1974 A 1984 1 4 4 5

LIABILITIES CHE Due to banks, at sight 41.393.073 Due to banks, on time 284.615.011 3,338,881,955 269.029.343

of which due within 90 days: 553.186.323 Customers' demand deposits Customers' time deposits of which due within 90 days. 3 001 378 648 Deposit accounts Other liabilities Dividend and bonus Subordinated capital notes

Net worth: Share capital Legal reserve Special reserve

Profit and loss account Total Net worth

40.023.307 641,269,816 338.385.214 3.654.423.637 29 605 962 152.905.574 18,000,000

CHF

50.000.000 80.000.000 40.000.000

235.000.000

1.361.037

356,361.037

5.280.974.547

 After distribution of net profit available of CHF 33.361.037.— Branches: Zurich, Lugano, London, Amsterdam, Luxembourg, Grand Cayman (B.W.I.), Panama Representative offices: Paris, Buenos Aires, Monlevideo, Punta del Este, Mexico City, Santiago de Chile

UK RELOCATION

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Mortgage Backed Floating Rate Notes 2029

The rate of interest for the period 30th April, 1993 to 30th July, 1993 has been fixed at 6.4375 per cent. per annum. Coupon No. 14 will therefore be payable on 30th July, 1993 at £160.50 per coupon.

Agent Bank

TENDER NOTICE

UK GOVERNMENT ECU TREASURY BILLS

For tender on 11 May 1993 1. The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 11 May 1993. An additional ECU 50 million nominal of Bills will be allotted directly to

the Bank of England. 2. The ECU 1,000 million of Bills to be issued by tender will be dated 13 May 1993 and will be in the following

ECU 200 million for maturity on 10 June 1993 ECU 500 million for maturity on 12 August 1993 ECU 300 million for maturity on 11 November 1993 3. All tenders must be made on the printed application forms available on request from the Bank of England. toms available on request from the paint of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 11 May 1993. Payment for Bills allotted will be due on Thursday, 13 May 1993.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with Euro-clear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 13 May 1993 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Pic, international Banking Division, PO-Box 19, Hays Lane House, 1 Hays Lane, London SE1, 2HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 1,000,000.

7. Her Majesty's Treasury reserve the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in the information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of that Information Memorandum (as the provisions of that Information Memorandum (as the provisions of the Information Memorandum (as the

9. The ECU 50 million of Bills to be allotted directly to the Bank of England will be for maturity on 11 November 1993. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum (as supplemented) in

order to facilitate settlement. 10. Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1968 as

amended. Bank of England 4 May 1993

Mortgage Securities (No. 1) Plc £26,500,000 Class A

notes will carry an interest rate of 6.4875% per annum. Interest payable on the evant interest payment date 30th July, 1993 will amount to £1,617,43 per £100,000 note. Agent Bank:

Bank of Scotland

Mortgage Securities (No. 1) Pic £20,000,000

Class B Mortgage Backed Floating Rate Notes due 2023

in accordance with the provisions of the notes, notice is hereby given that for the interest period 30th April, 1993 to 30th July, 1993 the notes will carry an interest rate of 6.6875% per annum.

Interest payable on the relevant interest payment date 30th July, 1993 will amount to £1,687.29 per £100,000 note. Agent Bank:

Bank of Scotland

Mortgage Securities (No.3) PLC

£63,000,000 Class A1 £39,000,000 Class A2 £15,000,000 Class A3 \$8,000,000 Class B Mortgage backed notes

For the interest period 30 April 1993 to 30 July 1993 the notes will bear interest as follows: Class A1. 6.5625% per annum Class A2. 6.7375% per annum Class A3. 6.8375% per annum Class B. 7,1875% per annum

A1. \$1,135.16 per \$69,381.00 note A2, \$1,679,76 per \$100,000 note

USD 150,000,000 SOLVAY FINANCE (BERMUDA) LTD

Floating Rate Notes due 1998 guaranteed by Solvay S.A. issued in two series

Serie 1 USD 120,000,000 Interest Plate 3,8125% p. a. Interest Period May 4, 1993 November 4, 1993 Interest Amount due on November 4, 1993 per

USD 500,000 USD 9,743:06 Serie 2 USD 30,000,000 Interest Rate 3.77662% p. a. Interest Period May 4,1993 September 30,1993

USD 500,000 USD 7,815.51 6 BANQUE GÉNÉRALE DU LUXEMBOURG

Agent Bank

Interest Amount due on September 30, 1993 per

THE BUSINESS **SECTION**

S.G.Warburg & Co. Ltd.

Mortgage Backed Floating Rate Notes due 2023 In accordance with the provisions of the notes, notice is hereby given that for the interest period 30th April, 1993 to 30th July, 1993 the

due 2035

Interest payable 30 July 1993 will be as follows:

A3.51,704.69 per£100,000 note B. \$1,791.95 per \$100,000 note Agent: Morgan Guaranty Trust Company **JPMorgan**

INTERNATIONAL CAPITAL MARKETS

Kingdom of Spain joins French franc borrowers

THE KINGDOM of Spain launched its long-awaited Eurobond yesterday, joining the ranks of recent borrowers in the French franc sector with a FFr6bn, 15-year issue.

INTERNATIONAL BONDS

Spain tapped the international capital markets with a DM4bn 10-year Eurobond issue earlier this year, and was keen to return to the Euromarkets with another big - but longer-dated - issue at a low yield.

It had considered both the Eurofranc and the Eurosterling markets as suitable for the launch of longer-dated bonds, and eventually chose the Eurofranc sector because it does not expect long-dated

yields to fall much further over first quarter. "Investor interest the next few months.

The proceeds of the issue will be used to fund the budget deficit. The issue has a coupon of 7.5 per cent and was priced to yield 44 basis points over the 81/2 per cent OAT due 2008.

The deal broke syndicate late in the afternoon and held its 44 basis point yield spread, according to CCF, lead manager and book-runner for the deal. Other syndicates pointed too late in the day to get a clear idea of how well it had been received, and market participants are likely to keep a close watch on the offering in trading today.

One syndicate manager noted that Spain may have missed out on the recent bull run in the French franc sector. Several borrowers have tapped

in this area is less than it was in the first three months, ahead of the [French] election," said one house involved

The bonds are likely to be sold predominantly to European investors. The lead manager priced the deal with recent long-dated Eurofranc issues from EDF and SNCF in mind: these borrowers launched bonds at yield spreads of around 33 and 34 basis points respectively.

Crédit Lyonnais, one of the joint lead managers, said the Kingdom of Sweden's recent French franc deal also prorided an indication for pricing the Spanish deal, given that it is a similar credit.

Spain has indicated that it would like to tap the Eurobond market with large issues three

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
us dollars CSFB Finance (Netha.)(4);	150	(EI)	100R	May.2003	0.5R	-	CSFB
Goldman Sachs Group(bit	100	(is)	99.25R	May 2003	0.5R	-	Goldman Sachs Intl.
Daswoo Electronics Co.(c)§	70	(c)	100	Dec.2008	2.5	•	Baring Brothers & Co.
Citicorp(d);	50	(d)	100R	Aug.2003	0.5R	-	Kidder, Paabody Inti.
FRENCH FRANCS Kingdom of Spain	6bn	7.6	97.06R	May.2008	0.375R	+44 (8%%-08)	CCF
STERLING Bredford & Bingley BS(e)#	100	(c)	100R	Nov.1998	0,675R	-	SG Wartsurg Securities
TTALIAN LIRA European investment Bank(1):	200ton		100.05	Mar.1996	0.15	_	San Paolo, Turin
SWISS FRANCS Aérospatiale	100	4,75	101,875	Jun.1998	_	-	Swise Bank Corp.

Final terms and non-callable unless stated. The yield spread (over relevant government band) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level, a) Coupon pays 6-month Libor -0.125%; minimum 5.875%, maximum 9%. c) Final terms fixed on Thursday, coupon is indicated at 2.25-2.5%, conversion premium at 5-10% and putasists on 18/5/98 to yield 100-125bp over 5-year treasuries. Celable from 18/5/94 at per subject to 140% rule. c) Issue launched last week was increased to \$250m. Coupon pays 3-month Libor - 0.125%; minimum 5.5%, maximum 10%. e) Coupon pays 3-month Libor + 0.15%. f) Fungible with L200bn launched in February. Coupon pays 3-month Libor - 0.25%.

ico Ferrer, deputy director-general of foreign financing at the Spanish treasury, said yesterday: "We may do one more Eurobond issue this year."

The Kingdom of Spain's issue provided the main talking point in the market, although there were a handful of other deals, including two further collared floating-rate

105.1 179.8

from CSFB Finance and a \$100m 10-year deal from Goldman Sachs Group.

The market also saw the launch of an unusual Pibs (permanent interest bearing shares) issue from First National Building Society.

This is the first building society to raise capital in more than one currency, as the issue

son and Valenciana, the Span-

 Cementos Mexicanos, the world's fourth-largest cement company, is poised to issue some \$500m in debt in international markets, adds Damian Fraser in Mexico City. It will use the proceeds to help repay a \$600m bridging loan it took out last year when buying San-

future.

contracts in March. During April, Globex volume was 135,681 contracts, with Matif 3-month Pibor contracts and Ecu bonds representing 81.

'Notionnel' set to give further boost to Globex

By Laurie Morse in Chicago

THE addition of the French government bond contract is expected to provide a further boost to trading on Globex, the after-hours electronic trading system, when it starts next month.

The contract, on the so-called "notionnel" bond, is set to begin on Globex on

May 13. The "notionnel" is the second most widely traded bond future in the world, after the CBOT's US Treasury bond

The Globex system is jointly owned by the Chicago Mercantile Exchange, the Chicago Board of Trade and Reuters.

Globex volume, which had been lagging since the launch last June, more than doubled when Matif listed two lesser

120 or 60 per cent of the

Matif's "notionnel" bond

future had been scheduled to begin trading on Globex in March, but a series of intermit tent system failures delayed its launch.

The "notionnel" traded a daily average of 16,628 contracts on the French exchange's own post-market trading system last year, and exchange officials expect all that volume to transfer to Globex. That would be much more than the CBOT's US Treasury bond Globex trade. which hovers around 1,000 contracts a session.

Matif also plans to list its CAC-40 stock index future on Globex before the end of May. It will be the first equity index derivative to be listed on the trading system.

Matif's overall volume in April was 5.1m contracts, an increase of 57 per cent over April 1992.

Last month the exchange reported net income, after tax, of FFr143m for 1992, up from FFr91m in 1991.

That raised the exchange's reserves, after dividend pay- 🤴 ments, to FFr698m.

Italy tops performance tables with 2.82% rise

By Sara Webb

EUROPE'S higher-yielding government bond markets, led by Italy, topped the performance tables in April as the Bundesbank cut German interest rates and paved the way for other European central banks to follow suit.

Italy (up 2.82 per cent), Denmark (up 2.24 per cent) and Sweden (up 2.18 per cent) were the top-performing government bond markets in local currency terms last month, according to figures compiled by JP Morgan Securities.

Pressure on the French franc has subsided since the general election. Cuts in German, French and other European interest rates - reflecting concerns about the recessionary

LIFFE EQUITY OPTIONS

have helped to ease tensions within the European exchange rate mechanism. The worst-performing mar-

ket over the month was the

UK, which fell 1.36 per cent as news of a rise in GDP con-firmed recent indications of a recovery in the UK economy. In the past 12 months, the top-performing markets have been Australia (up 18.06 per cent), the Netherlands (up 17.58 per cent) and France (up 17.13 per cent) in local currency terms. For dollar-based investors, Italy was still the

top-performing market last month with a gain of 9.76 per cent, followed by Sweden (up 8.08 per cent). However, over the past 12 months. Japan has provided the highest returns in US dollar terms, with a gain of

Rally in UK gilts as prices increase by up to half a point

By Richard Waters in London and Patrick Harverson in New York

UK GOVERNMENT bond prices bounced by as much as half a point yesterday, prompting suggestions that the market had fallen too far in reaction to early signs of economic

GOVERNMENT BONDS

The gains came as the gilts market reopened after Monday's public holiday.

While bonds with maturities up to 10 years rose by between a quarter and a third of a point, the biggest gains came in the longest-dated issues. implying that the buying was driven by UK institutions rather than foreign investors. This helped to reverse part of the steepening of the UK yield curve apparent in recent

Ten-year bond yields had risen by around 40 basis points during April, half of that in the last week, pushing up the yield spread over German government bonds to nearly 150 basis

Yesterday's move "largely a technical re to this price fall, dem ing that underlying for gilts remained firm, Simon Briscoe, an econ

Greenwell Montagu. The June long gilts contract ended the around 104%, up from 1 moderate volume of nearly 30,000 contracts traded.

■ GERMAN government bonds also rose after last week's losses, although traders and economists generally remained pessimistic about the prospects for long-dated bunds in the weeks ahead.

The positive mood in the market yesterday was due in part to the announcement that DM3bn of 10-year federal government bonds with a new coupon of 6.75 per cent had been sold, in line with market expectations. A similar amount is expected to be sold at auction

Economic data in the next few days, including unemployment figures by the end of the week, are expected to give further support to the market in the short term.

The Bundesbank is also gen-

FT/ISMA INTERNATIONAL BOND SERVICE

as ————————————————————————————————————	FT FIXED INTEREST INDICES									
it- nd	May 4	April 30	April 29	April 28	April 27	Year ago	High *	lor*		
(I' Bowt Secs (UK)	95.04 117.00	94.70 110.74	94.59 110.85	95.42 111.77	95.77 111.75	88.57 103.76	98.04 113.83	93.28 108.67		
at Beels 100: Gow for 1993. Gov Flood Interest h	remment S	ocurities his omplisitor:	th since of 113.83 (8/3	ompilation: V93), low 5	127.40 (9/1	9	49,18 (3/1/			
at on indices*		April 30	Apri		April 28	E April 1	27 #	ori 26		

103.6 112.6

sale of repurchase agreements to shave a further 5 to 10 basis points off the key official money market rate, lending further support to the market. However, yesterday's moves

did not shake the widely-held belief that longer-dated bunds could lose ground in the coming weeks, and that shorterdated paper offers the best opportunity for gains.
The June bund futures contract on Liffe ended the day

close to where it began, at 94.80, having lost ground to 94.56 at one stage. ■ MOST other European bond markets continued to outperform the bund market, repeat-

ing last week's experience, as

investors were reported to be

from Germany into higheryielding markets.

Ten-year French bonds gained a quarter of a point. even though the June "notionnel" futures contract ended the day down at 117.24 from 117.36 on nearly 140,000 contracts. Italian bonds gained a third

and Spanish bonds a half, with Scandinavian markets also benefiting from the repositioning away from the D-Mark. ■ US TREASURY prices were

mostly flat yesterday morning

as dealers nervously awaited

publication of the Treasury's

study into the debt mix, which is due out today By midday, the benchmark 30-year government bond was down 1 at 103%, yielding 6.854

		Coupes	Date	Price	Change	Yield	ego	
AUSTRAL	<u></u>	9.500	08/03	112,5102	-1,308	7.71	7.56	7.95
BELGIUM		9.000	03/03	110.3000	+0.500	7,49	7.50	7.48
CANADA	•	7.250	06/03	98.3500	+0.150	7.48	7.51	7.68
DENMAR	<u> </u>	8.000	05/03	102.6500	±Q.650	7.61	7,64	8.00
FRANCE	BTAN ÇAT	8.000 8.500	05/98 04/03	105.3604 109.1500	+0.385 +0.280	6.70 7.18	6.84 7.16	6.99 7.27
GEFIMAN	Υ	7.125	12/02	102,3550	+0.130	6.77	6.68	6.71
ITALY		11.500	03/03	94.6950	+0.330	12.63†	12.60	13.56
JAPAN	No 119 No 145	4.800 5.500	06/99 03/02	102,2524 107,2974	-0.002 +0.031	4 34 4.36	4.22 4.30	4.23 4.27
NETHERL	AND\$	7.000	02/03	101.9600	+0.010	6.71	6.59	6.72
SPAIN		10,300	06/02	92.9339	+0.522 -	11.58	11.56	11.47
UK GILTS)	7.250 8.000 9,000	03/98 06/03 10/08	100-20 99-19 105-01	+8/32 +8/32 +16/32	7.09 8.08 8.41	7.01 7,88 8.27	8.74 7.72 8.22
US TRIEA	SURY "	6.250 7.125	02/03 02/23	102-08 103-09	+8/32 +9/32	5.94 6.86	8.10 6.87	6.15 7.05
ECU (Free	nch Govij	8.000	04/03	102,7800	+0.280	7.59	7.59	7.68
† Gross a	osing, 'deno musi yield (a 5, UK in 32nd	ncluding wil	thholding	tay et 12.5 p	per cent pay	Fields: Loca able by no rical Data/A	n-resident	s.)

BENCHMARK GOVERNMENT BONDS

At the short end of the market, the two-year note was unchanged at 100%, to yield

Trading was quiet during the morning as the market waited for news of the Treasury's study into whether in order to trim the government's interest costs, it should reduce future issues of the long bond and increase issues of shorter-date

the sidelines. The day's economic news, a 1

There has been considerable

speculation about the findings

of the debt-mix study, includ-

ing suggestions that the Trea-

sury might scrap some issues

of the 30-year bonds altogether.

Amid the uncertainty, dealers

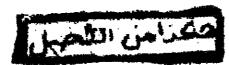
and investors were staying on

ted	nomic indicators, had i impact on prices.	
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MARKET STATISTICS

RISES AND FALLS YESTERDAY

Listed are the latest international bonds for which there is an adequate secondary market.	Latest prices at 7:05 pm on May 4	Rises Falls Same			<u>-</u>	
LIS. DOLLAR STRAIGHTS		British Funds	Option Joi Oct Jan Jul Oct Jan Jul Oct Jan AM Lyons 550 40 51 62 21 28 35 f572 600 14 32 39 50 56 81 ASDA 87 7½ 11 - 4 7½ - (69) 76 3½ 7 - 10 13 -	Bril Alern 300 32 50 65 4 20 (*327) 330 10 36 50 15 35 BAT Incis 850 35 65 81 10 27 (*372) 901 9 36 30 15 36 BAT Incis 850 35 65 81 10 27 (*372) 901 9 36 36 12 23 Bril Fredom 390 20 29 35 3 15 (*405) 420 3½ 13 21 17 30 Cadbary Sch 460 12 26 38 81 22 36 C405) 420 12 24 22 9 31 C405) 420 12 24 22 9 31 C405) 420 12 24 22 9 31 C405) 420 12 24 32 32 32 33 C5C) 420 12 10 12 10 12 12 12 12 12 12 12 12 12 12 12 12 12	32 Sizes 530 57 48 (**500) 500 27 48 (**500) 500 27 48 (**500) 500 27 48 (**500) 500 27 48 (**500) 180 110 49 (**163) 180 4 49 (**163) 180 4 49 (**163) 180 4 49 (**163) 180 4 49 (**163) 180 4 49 (**163) 180 4 49 (**163) 180 25 40 (**221 300 18) 51 Résters 1200 79 (**124) 1300 180 51 Résters 1200 79 (**124) 1250 48 48 (**130) 140 4 ¹ 2 22 Scott Power 250 22 40 (**306) 370 9 513 (**306) 370 9 514 (**306) 370 9 515 (**306) 370 9 516 (**306) 370 9 517 Resters 1200 8 518 (**306) 370 9 519 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 370 9 510 (**306) 3	7 55 64 33 50 68 1 19 24 7 13 18 4 10 14 20 23 29 2 13 16 642 12 15 2 652 12 13 18 20 5 75 88 10 26 36 5 75 88 10 26 36 5 75 88 10 26 36 5 75 88 10 26 36 5 75 88 10 26 36 5 75 88 10 26 36 5 75 88 10 26 36 5 75 88 10 26 36 5 75 88 10 26 36 5 75 88 10 26 36 5 75 88 10 26 36 5 7 88 48 4 8½ 13 5 19 29 15 21 25 5 115 - 18 43 - 4 5 115 - 18 43 - 4 5 115 - 18 43 - 4 5 116 2 18 8 11½ 15 2 10 14 13½ 17 21 2 2 7 30 3½ 9½ 1½ 2 16 19 9 19 23 6 9 13 4½ 17 21 6 8 13 15 17 6 8 13 15 17 6 8 13 15 17 6 8 13 15 17 6 8 13 15 17 7 9 8 28 38 2 10 15 20 27 30 2 11½ 13½ 2½ 4½ 5 62 2 18 23 8 15 18 2 10 15 20 27 30 2 11½ 13½ 2½ 12 12 3 7 9 6½ 9 11 3 7 9 6½ 9 11 3 7 9 6½ 9 11 3 9 12 3 7 9 6½ 9 11 3 9 12 3 9 13 15 18 3 9 13 15 18 5 10 15 20 27 30 2 11½ 13½ 2½ 14 5 7 9 6½ 9 11 3 9 12 3 9 13 15 18 5 9 1
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Mosaic shares poised to return

By Paul Chaesaright, Midlends Correspondent

TRADING IN the shares of Mosaic Investments, the Birmingham-based mini-conglomerate which has been reorgan-ising its business and finance for the last nine months, is expected to resume on May

The relisting, however, is dependent on shareholders' agreement at meetings the day before to approve an elaborate finance package.

The shares were suspended on September 29 last year at 60p, valuing the group at

Mosaic had failed to raise finance for the redemption of preference shares and had to pass a dividend it had already announced.

The new-look group will have, if shareholders agree, a new equity structure, new bank facilities and a changed board.

The package embracing these elements includes: Revised arrangements to redeem 2.99m preference shares held by Mr Rodney Day; he will be paid £1 a share for 515,625 shares now, the same amount for 1.5m shares in tranches spread over 10 years and will convert the balance of his holding into ordi-

 Arrangements to issue new ordinary shares at 20p apiece to the owners of companies bought between 1988 and 1990, in order to settle the initial purchase terms which involved not only immediate cash payments but deferred payment in shares.

The effect of these arrangements is to lift the number of issued shares from 17.08m to

Mr Day will end up with 14.5 per cent of the equity, while the previous owners of companies bought by Mosaic - T Turner, Stainless Steel Services and IBH Advertising and Design - will respectively hold 17.2 per cent, 18.3 per cent and

Meanwhile, Mosaic has enlisted the support of Lloyds as its new banker. Lloyds, if the new sharehold-

ing arrangements are approved and the shares are relisted, will provide_Mosaic. with an overdraft of £3m and a 5-year loan of £1.75m.

ses have been trading profitably, Mr Hugh Sykes, chairman, said yesterday that "the re-organisation we've done produces enormous extraordinary and exceptional charges and when you deduct them you get a hefty loss."

*

Both knights fall during the extended battle for Trafalgar

COMPANY NEWS: UK

Roland Rudd details the boardroom manoeuverings with a Far Eastern twist which culminated in yesterday's changes

HE PURGE of the board of Trafalgar House was completed yesterday, at the behest of Mr Simon Keswick, chairman of Hongkong Land. But the decision to clear out the top posts was taken well before Hongkong Land emerged with a 25 per cent stake in the construction, enginearing and property group. In the spring of last year Sir Nigel Broackes, the former chairman and founder, set in motion a chain of events that

culminated in the blood-letting. At a meeting of his non-executives Sir Nigel presented a plan in favour of what he called an orderly succession. Both he and Sir Eric Parker. chief executive since 1983, would step down on their 60th birthdays. Sir Nigel, however, would remain with the group in a consultancy basis as honorary president.

Since Sir Eric was a year older than Sir Nigel and had in effect run the group for four years, the non-executives saw the plan as an "ingenious scheme to get rid of Parker". The then three non-executives, Mr Alan Clements, former finance director of Imperial Chemical Industries, Mr Tony Ryan, chairman and founder of GPA, the aircraft leasing company and Mr David Howell, the Conservative MP, refused to back Sir Nigel.

They decided Sir Eric should remain until he was 62, when they thought he would want to retire at his own volition. However, Sir Nigel's complaints about Sir Eric's perfor-

mance did strike a cord with some of the non-executives. He reminded them that the board had agreed to change its strat-egy in January 1991. There was unanimity among the directors that with the fall in property prices Trafalgar should be

and engineering group. It no longer wanted the conglomer-Yet the only significant sale, of its Ellerman container shipping interests to the Peninsular and Oriental Steam Navigation Company for £42.5m, was dwarfed by the acquisition of the ill-fated Davy Corporation, hit by a £114m loss on an oil

repositioned as a construction

After listening to Sir Nigel



to his non-executives in Septhe non-executives agreed to

tember to force Sir Eric's review possible management changes later in the year. departure. The chief execu-There then followed a series tive's position was further of leaked reports that Trafalgar had decided to sell its hotels, undermined when the Financial Reporting Review Panel including the Ritz, and the told Trafalgar that the property write-downs at the end of Sir Eric denied the reports 1991 should have been taken when the group reported its through the profit and loss half year results in May, infuriaccount and not through

ating Sir Nigel. The following week he organised a seminar Although in September the board had not yet agreed to accept the panel's finding, the in the City aimed at convincing the market that Trafalgar was no longer a conglomerate. questioning of its accounting but a world class construction methods proved too much for the three non-executives who The seminar was regarded as

reversed their earlier decision. They agreed Sir Eric would have to go early to be replaced by Mr Allan Gormly, the current chief executive, who was then head of the successful engineering division. However, Sir Eric, who had a

good relationship with many of his executive directors, made it

and rallied round Sir Eric.

clear to some of his colleagues that he was only prepared to go early if Sir Nigel went with

He received an unexpected boost when a report in The Observer on September 20 said he was being forced to depart after losing the confidence of his board. A number of directors believed Sir Nigel deliberately leaked the information

Although Sir Nigel told friends he had nothing to do with article, it galvanised the

Hongkong Land to provide new chiefs

Trafalgar House's biggest shareholder, Hongkong Land, the Jardine Matheson-controlled property group with a 25.1 per cent stake, is to provide both its chairman and new finance director, writes Roland Rudd.

Mr David Gawler, finance director of Hongkong Land, is expected to replace Mr John Ansdell, the current finance director, and Mr Simon Keswick, chairman of Hongkong Land, is to join the board immediately and take over as chairman at the end of May. The hoardroom changes, ratified by Trafalgar's directors last night, also include the early retirement of Mr Dermot McDermott, while Mr Alan Clements, the current chairman, is to become joint deputy chairman with Sir Eric Parker who leaves

the board next month. The group's auditors, Touche Ross, are to be replaced by KPMG Peat Marwick.

executives into taking action. At the full board meeting later in September they decided to take full responsibility for the management changes. Sir Eric and Sir Nigel

were asked to leave the meeting. The rest decided that both the chief executive and chairman would retire the following year. Less than a week later, on

October 1, Hongkong Land took a 14.99 per cent stake and demanded boardroom representation. Trafalgar reacted by bringing forward its management changes. Mr Alan Clements became non-executive chairman as a temporary mea-

Meanwhile, Hongkong Land which tightened its grip by gradually taking its stake up to 25 per cent, had two of its directors, Mr Rodney Leach and Sir Charles Powell, appointed as non-executives.

Turnover of the 13 pharma

cies for the 12 months to Feb-

Hongkong Land toyed with the idea of having Sir Charles take over as chairman but decided instead on Mr Keswick, who with his brother Henry in effect runs the Jardine Matheson empire.

A question mark remained over Mr John Ansdell, the former finance director. As one executive put it: "His crime was not standing up to Parker over the accounting fiasco." However one of the group's advisers said Mr Ansdell just happened to be at the wrong place at the wrong time.

If the row over the accounts was a good enough reason for the non-executives to seek an early replacement for Sir Eric, then, according to a financier close to Hongkong Land, it was good enough for the Keswicks to seek a new finance director. After all, argued the financier. they were only finishing off what Sir Nigel had started.

Saatchi in \$14.8m disposal

SAATCHI & Saatchi is raising about \$14.8m (£9.6m) from the sale of the Howard Marlboro Group, which comprises three companies engaged in various forms of in-store marketing. The companies are being

sold to MarkitStar, a US group

whose shares are traded on

The companies - Marlboro Marketing, Creative Displays and HMG Europe – are all indirectly wholly owned subsidjaries of Saatchi and operate in New York, Chicago and the Netherlands respectively.

Their preliminary results for 1992 indicate turnover of £37.1m, pre-tax losses of of £5m at the year end.

Riva £134,000 in the black

Riva Group, the USM-quoted supplier of electronic point of

sale systems, returned pre-tax profits of £134,000 for the year to end-December compared with losses last time of £3.21m. Helped by exchange rate

variations, turnover improved to £59.4m (£57.3m). Without the fluctuations turnover would have been £54.6m. Interest costs were reduced from £1.95m to £879,000 following the refinancing package.
Exceptional provisions

amounted to £115,000 (£1.15m). Earnings per share emerged at 0.2p (losses 12.3p). The company said that a fur-

ther 13 per cent reduction in staffing levels in 1992 had resulted in cost savings in excess of £3.5m a year.

BMSS falls into the red

BMSS, the USM-quoted timber and builders' merchant, reported a loss of £95,498 in the year to January 31, against emerged at 0.45p (losses of profits of £515,309.

Turnover was down 12 per cent to £15.2m (£17.3m). Gross 31.94 per cent (31.23 per cent). £210,862 (£795,673) but this was debt are in progress.

wiped out by net interest charges of £306,360 (£280,364). A final dividend of 3p is proposed for the year, the interim

was passed. Last time shareholders received a total of 4.7p including a final of 2.7p. Losses per share were 0.7p (5.1p earn-

Conard Shipping Line.

and engineering group.

With shareholder discontent

mounting Sir Nigel went back

Modest profit at Micklegate

Micklegate Group, the USM-quoted industrial and commercial property developer, returned to the black in the six months to October 31. The pre-tax figure of £87,000 compared with losses of £699,000 at the previous interim stage and £4.75m for

the last full year. The outcome, achieved on turnover of £2.88m (£3.1m) was struck after exceptional charges of £151,000. After a nil

The group remains under a substantial debt burden and its margins were maintained at future relies on the support of its bankers. Talks concerning a There was a trading profit of further restructuring of the

NEWS DIGEST JW Spear makes

Australian buy

JW Spear, which makes Scrabble and other games, is acquiring the games division of Murfett Regency (Australia) for A\$1.38m (£620,000) cash on completion. Included in the deal are the

total rights to Scrabble in Australia, which consolidates Spear's ownership of the rights to Scrabble throughout the world outside North America.

Sales of the Australian business were A\$5.78m for the year to June 30 1992; it is currently operating at about break-even. The new company will trade as JW Spear & Sons from July

AAH acquires 13 retail pharmacies

AAH Holdings has acquired 13 retail pharmacies in north-east England from Park Chemists for an initial £3.88m cash. A further cash sum will be

payable when the value of stock is confirmed. AAH said it already had a strong retail pharmacy presence in Durham and Northumberland would will enable

AGF GROUP 1992

NET EARNINGS: FF 1.5 BILLION

PREMIUM INCOME: FF 59 BILLION

and partly by a local competi-

grated smoothly.

Somerset Trust shares suspended Shares in Somerset Trust, for-

merly known as the Children's Medical Charity Investment Trust, were suspended yesterday morning at 178p at the request of the company, which later announced that it was in talks which might lead to a the Park outlets to be intesubstantial acquisition. The potential acquisition is a

manufacturing company with ruary 28 1992 was £7.1m, partly turnover of about £20m. If the serviced by AAH wholesale acquisition proceeds it will constitute a reverse takeover of Somerset. The consideration of some

£19m will be funded by a placing and rights issue. The company expects to make a further announcement in the next three to four weeks.

The trust currently holds the bulk of its funds in short-dated gilts. Last September, it reported a rise in net asset value to 86.2p per share as at June 30. against 82.6p six

UNILEVER N.V. DIVIDEND ON DUTCH CERTIFICATES OF FL1,000,FL100,FL20 and FL4 FOR ORDINARY CAPITAL ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

Final dividend payments of FI.4.30 per FI.4 ordinary capital in respect of the year 1992 will be made on or after 21st May 1993 against surrender of Coupon No 12. Coupons may be enceshed through one of the paying agents in the Netherlands or through Midland Securities Services ("Midland") at the address below; in the latter case they must be listed on the special form, obtainable from the Bank, which contains a declaration that the certificates do not belong to a Netherlanda resident.

DUTCH-DIVIDEND TAX relief is given by certain Tax Conventions concluded by the Netherlands. A resident of a convention country will, generally, be liable to Dutch dividend tax at only 15% provided the appropriate Dutch exemption form is submitted. No form is required from UK residents holding "K" certificates if the dividends are claimed from Midland within six months from the above data. If the certificates are owned by a UK resident and are effectively connected with a business carried on through a permanent establishment in the Netherlands, Dutch dividend tax at 25% will be deducted and will be allowed as cradit against Dutch tax payable on the profits of the establishment. Dutch dividend tax on this dividend is F1.1075 at 25% and F1.0.645 at 15%. The proceeds from the encashment of coupons through a paying agent in the Netherlands. the enceshment of coupons through a paying agent in the Netherlands will be credited to a convertible floring account with a bank or broker in the Netherlands.

. LIK INCOME TAX at the reduced rate of 10% on the gross ELEMPTOWNE LAA STUTE REQUEST 1825 OF 1825 OF 1825 ARRIVED BE deducted from payments made to UK residents instead of at the basic rate of 25%. This represents a provisional allowance of credit at the rate of 15% for the Dutch dividend tax already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Inland Revenue Affidavit of non-residence in the UK.

A statement of the procedure for claiming relief from Dutch dividend tax: and for the encashment of coupons, including names of paying agents and convention countries, can be obtained from Midland at the address below.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR London Transfar Office, Midland Securities Services, Client Delivery, Stock Exchange Services, Suffolk House, 5 Laurence Pountney Hill, London EC4R DEU.

Note interest Rate Resets

BENETTON GROUP SpA

Registered Office: Via Villa Minelli, 1 Ponzano Veneto (TV), Italy ued and fully-paid capital: Lire 81,776,862,500

1.92p).

PAYMENT OF DIVIDEND Notice is hereby given that the 29th April, 1933 General Meeting of Shareholders resolved upon a distribution of the nat profits for the year anded 31st December 1992.

Accordingly, a dividend, in the gross amount of Lire 350 per share, will be payable starting on 17th May 1983, subject to the application of the proper withholding tax.

Payment of the net amount and detachment of coupon No. 8 will be made by one of the following institutions: Monte Thoi S.p.A., Banca Commerciale Italiana, Banca Nacionale del Lavoro, Credito Italiano, Banca di Roma, Istituto Bancano San Paolo di Torino, Monte dei Paschi di Siena, Banca di Napoli, Banco di Sicilia, Cassa di Rispamio delle Provincie Lomberde, Banca Popolare di Novara, Banca Nazionale dell'Agricoltura, Banca d'America e d'Italia, Banco Ambrosiano Veneto, Banco Lartano, Banca Popolare di Milano, Credito Romagnolo, Banca Popolare di Venna, Banca Popolare di Milano, Credito Romagnolo, Banca Popolare di Venna, Banca Popolare di Venna Cassa di Risparmio della Marca Tirvigiana, Banca Popolare di Padova e Trieste, Banca Popolare di Asolo e Monteballura, Morgan Gurarnty Trust Company, Deutsche Bank A.G., Barclays Bank P.C., Société Générale, Banca della Svizzara Italiana.

FINANCIAL STATEMENTS AS OF 31ST DECEMBER 1992 Notice is also given that Benetion Group's financial statements as of 31st December 1992, audited by Arthur Andersen & Co. S.a.s. may be obtained upon request from:

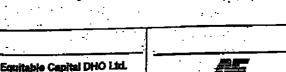
the Company or
 any of the Italian Stock Exchanges.

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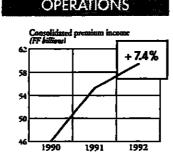


Auto Funding PLC

Pursuant to the indenture dated as £135,000,000 of October 1, 1990, between the Issuer and State Street Bank and Trust Company as Trustee, notice is hereby given that for the Interest Accuse Period April 30, 1993 to October 26, 1993, the Note Interest Paté are installed to the Sanler Notes. Class A Floating Rate Notes due 1996 In accordance with the provisions of In accordance with the previsions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 30th July, 1993 has been fixed at 6.8375% per annum. The interest accruing for such three month period will be £170.47 per £10.000 Note on 30th July, 1993 against presentation of Coupon No. 7. Rate applicable to the Senior Notes is 4,1250% and to the Second Priority Senior Notes is 5.06250%.
Interest payable per \$1,000,000
Principal amount of a Senior Note
on October 29, 1993 will be \$20,790.97, and per \$1,000,000 principal amount of a Second Priority Senior Note will be Union Bank of Switzerland London Branch Agent Bank 30th April, 1993

On sale every Friday

INSURANCE OPERATIONS



Consolidated premium income: FF 59.4 billion in subscriptions, excluding Assurfinance. International share of revenues: FF 23.3 billion (39.3 % of the total).

INSURANCE IN FRANCE

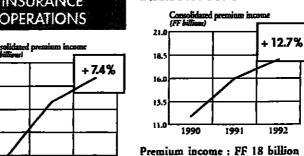


Premium income : FF 35.9 billion achieved mainly by AGF VIE (FF 19.2 billion) and AGF IART (FF 15 billion). Contribution to net earnings:

Assurfinance operations Revenues : FF 1.7 billion.

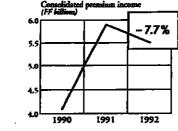
FF 1,939 million.

INSURANCE OUT OF FRANCE



achieved mainly by AGF International. Increase: 12.7 % including 8.6 % on a constant structure basis. Contribution of subsidiaries outside France to net earnings: FF 122 million.

REINSURANCE



Premium income: FF 5.5 billion including FF 2.8 billion from SAFR. Contribution to net earnings: FF 18 million.

assurances

BANKING, FINANCE AND **REAL ESTATE OPERATIONS**

Contribution of banking and finance operations to net earnings: FF (951) million. Including:

Banque du Phénix: FF (963) million. BFCE: FF 50 million.

earnings: FF 96 million.

Comptoir des Entrepreneurs: FF (217) million. Sophia: FF 131 million. Contribution of real estate operations to net

GROUP HOLDING COMPANIES

Contribution from Société Centrale des AGF and from the 4 holding companies, AGF SA, AGF International, Métropole SA and Compagnie Financière du Phénix : FF 1,169 million.

OVERALL RESULTS AND DIVIDENDS Consolidated premium income 55.3 59.4 2.69 Consolidated net earnings 1.5 Total dividend 0.762 0.668 Dividend per share* FF 13.70 FF 12

* excluding tax credit.

General Meeting: June 28, 1993, at 10:30 a.m.

BECAUSE TOMORROW IS DECIDED TODAY

takeover

MR DENIS MULHALL is

leaving Tomkins, the conglom-erate, to join Berisford Inter-

national, the property and agriculture group, as finance director. He is expected to take

up the appointment in the

which integrated the guns-to-

RHM. His experience is likely to be of benefit at Berisford

which is expected to be an

acquisitive company. It is cur-

rently proposing a £184m bid for C&J Clark, the private

shoe company.

Mr Mulhall said that he was

leaving Tomkins with "great sadness" but would have a

broader role at Berisford. He

was not a main board director

at Tomkins. He said the per

formance of RHM was "in no

way a reason for leaving". The

move to Berisford was "a won-

derful opportunity", he said. He had not known Mr Alan

Bowkett, Berisford's chief

executive, before and was orig

inally approached by head-

hunters acting for Berisford. Berisford's proposals will be put to Clark's shareholders at

a special meeting on Friday, May 7. Berlsford is expected

today to make a final appeal to

Clark's shareholders to vote in

Mr Mulhall said the move to

buy Clark was very exciting.

Clark has a tremendous

brand name which has been

favour of the deal.

under-utilised."

Ingham

recovers to

Ingham, the worsted spinner and retailer of new parts for

British classic sports cars,

returned pre-tax profits of £452,000 for the 12 months to

The year-end has been changed to March 31 and the

outcome compared with losses of £152,000 for the correspond-

Last month, when Ingham

gave details of the proposed

acquisition of Moss Europe

and an accompanying rights issue, shareholders were told

that the figures in the second

interim statement would be

meaningless for purposes of

comparison.
They included the results of

Transtar for three months

only: the period coincided with

Transtar's traditionally quie-

Ingham's earnings emerged

at 6.1p (losses 4.7p). Payment

of a 1.25p final dividend has been brought forward for a

total of 7.25p (3p for the 12

months to December 31 1991).

ish hotel and leisure company.

ALLDERS International, the duty-free retail

subsidiary of Allders, has bought a half share in

the duty free operations of Net Group, the Turk-

The deal, for an undisclosed sum, is thought

test trading period.

£452,000

end-December.

ing 12 months.

By Maggie Urry

Storehouse and LET unwind property deal

By Maggie Urry

STOREHOUSE, the high street retail store group, and London and Edinburgh Trust, the property company, are unwinding the joint venture they set up in

Storehouse also said yesterday that the search for a new chief executive continued but was unlikely to be completed soon. Mr David Dworkin left in February to join Carter Hawley Hale Stores in the US.

The disentanglement of the venture, called Oppidan Estates, will involve Storehouse paying a net £37.5m to buy back 28 properties, mainly BhS stores. LET will buy Storehouse's half share and other retail assets including three Owen Owen department stores

Both sides said the deal made sense in 1989 but it was now better to untie the partnership. Storehouse said the effect would be neutral to current year earnings but should be positive in future years.

Storehouse originally received £86m when the venture was set up near the peak of the retail property market. But it said changes in the portfolio since meant that the £37.5m cost of buying back the properties was not comparable. Storehouse has bought back the 28 shops for £67.7m and LET is paying £26.5m for Store-house's half share in Oppidan plus £2.1m for three other prop-

specialist £65.7m. A number of the Bh\$ shops

in the Oppidan portfolio were due to come up for rent reviews, so Storehouse is avoiding that future liability. It reckons it will save £6.5m a year in rental costs, but lose its share of Oppidan profits which were £2.7m in 1991-92.

In 1989 Storehouse's profits were falling and its balance sheet was stretched. It was also being stalked by Mr Asher Edelman who had built up a 7.1 per cent stake in the group. The then chief executive Mr Michael Julien, who had joined in 1988, was looking for ways to cut debt and the Oppidan venture allowed Storehouse to move some properties off bal-

Nicholas Ward quits managing director role at Brent Walker

erties. The net figure of £37.5m.

is after tax. LET is keeping 15

By Maggic Urry

MR NICHOLAS Ward has resigned as group managing director of Brent Walker, the pubs and betting shops group which last year completed a £1.65on refinancing.

Mr Ward's departure follows that of Mr Ken Scobie, chief executive, who left in January amid suggestions that the group's banks, headed by Stan-dard Chartered, had pushed him out. Mr Ward is expected to receive compensation, although no amount was

Brent Walker has yet to produce accounts for 1992.

Mr Ward's resignation leaves only one of the four-man executive team which was put into Brent Walker in the early months of the 18 month-long refinancing, when Mr George Walker, who had been chairman and chief executive, was

ousted. Mr John Leach

remains as finance director. At the time of Mr Scobie's resignation Brent Walker announced the appointment of Sir Keith Bright as chairman, following a long search after Lord Kindersley left after last year's annual meeting. Brent Walker published a brief statement yesterday say-ing that Mr Ward had "played

ting the restructuring of the company's financial affairs and in organising its programme of disposals". It thanked him for his "considerable contribu-

a significant part in negotia-

However, few disposals have taken place and the banks, which are also majority share holders, are thought to be concerned that more have not been completed.

Brent Walker's statement yesterday echoed that made in January when Mr Scobie left, and like that was published after the stock market closed. Brent Walker's shares were up

Unilever expansion in China

By Guy de Jonquières, Consumer Industries Editor

UNILEVER, the Angle-Dutch consumer products company, plans to expand its presence in China by building a fabric detergents plant and an ice cream factory with local part-

(£40m), which is likely to double in the near future.

The detergents plant is being built by Unilever Shanghai, in which Unilever has 70 per cent and Shanghai Daily Chemical and Shanghai Detergents each began selling imported Omo concentrated detergent in Shanghai in February and said the potential market for washing powder was huge.

The ice cream factory will be built in Beijing by Wall's Beijing, 85 per cent owned by Unilever the state-owned Sumstar holding the balance. The factory will make products under the Wall's name.

Unilever already has three joint ventures in the Shanghai region making soap and shampoo, bakery fats and skin care

meeting yesterday that failure to settle the Uruguay Round of trade talks would damage recovery prospects in the industrialised world and retard progress in developing coun-

He also said that if the Eurothe Maastricht Treaty, it would be a big setback for business. After ratification, however, a "more realistic" timetable should be drawn up for economic and monetary integra-

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Placing by

Merrill Lynch International Limited **Riada Corporate Finance Limited Hoare Govett Corporate Finance Limited**

IR£30,000,000 11% per cent. Permanent Interest Bearing Shares ("IR£ PIBS")

£20,000,000 11% per cent. Permanent Interest Bearing Shares ("£ PIBS")

Application has been made to the Stock Exchange for the IRE PIBS and the E PIBS (together, the "PIBS") to be admitted to the Official List in London and Dublin. It is expected that the PIBS will be admitted to listing on 7th May, 1993 and that dealing will commence on 12th May, 1993.

Listing Particulars dated 4th May, 1993 relating to First National Building Society may be obtained during normal business hours by collection only until and including 7th May, 1993 from the Company Announcements Office of the Irish Stock Exchange, 28 Anglesea Street, Dublin 2, the Company Announcements Office of the Lindon Stock Exchange, Capel Court Entrance, off Bartholomew Lane, London EC2 and until and including 19th May, 1993 from:

First National Building Society Skehan House

Riada Corporate Finance Limited

Booterstown **County Dublin** Ireland

1 College Green Dublin 2 ireland

Wednesday, 5th May, 1993

The United Mexican States Floating Rate

Privatization Notes Due 2001

The applicable rate of interest for the period May 3, 1993, through and including August 2, 1993, to be paid on August 2, 1993, a period of 91 days, is 4.0%. This rate is 18/16% above the offered rate for three-month deposits in U.S. Dollars which appeared on the display designated as the British Bankers Association's Interest Settlement Rate (3.1875%) as quoted on the Dow Jones/Telerate Monitor as Telerate Screen No. 3750 as at

11:00 A.M. (London Time) on April 28, 1993. The above rate equates to an interest payment of USD 10.1111 per USD 1,000,00 in principal amount of Notes.



Banco Nacional de Mexico, NY

April 28, 1993

Berisford | Silentnight's £12m pleases City recruits

By Andrew Bolger

CONTINUING pressure on margins because of recession reduced profits at Silentnight Holdings. Enrope's biggest manufacturer of beds, by 3 per cent to £12m pre-tax for the year to end-January.

Sales increased 12 per cent to £153.9m (£137.6m). The Lancashire-based group said, however, that margins had improved in the second half and that it had increased market share in the UK. Mr Bill Davies, executive

chairman, said: "I believe the

coming year will continue to

Mr Mulhali's most recent job be difficult as margins in the UK, our main market, remain within Tomkins was at Ranks Hovis McDougall, the milling, under pressure. However, there haking and grocery products company which Tomkins acquired at the end of last are encouraging signs within the UK and the US of an upturn which is long overdue."
The UK beds businesses Mr Mulhall's role at Tomincreased sales 5 per cent to kins was as one of the team £99m, but found margins extremely difficult to maintain. lawnmowers group's acquisi-tions. He had been working in Mr Davies said: "Bed volumes have been less affected by the the US integrating Philips Industries, bought in 1990 for recession than many other consumer products. However, the \$550m, before returning to the pressure on disposable income has meant that price is an increasingly important factor UK five months ago to work at

in the achievement of sales. "Nonetheless we believe our bed companies increased their market share, and have been successful in improving margins during the second half despite the impact of devaluation on raw material costs. This continues to be a soundly profitable area of our busi-



Bill Davies (centre) with finance director Barry McKenzie (left) and John Clarke, deputy chairman

incurred losses in a much more volatile market, with sales down 11 per cent to £8.45m. Mr Davies said: "We do now see an upturn in its fortunes as we concentrate on higher-margin sales and we anticipate inter-nal improvement aided by the economic recovery which is now starting."

The UK cabinets businesses encountered mixed fortunes in spite of a 16 per cent increase in sales to 237m. The group said Homeworthy, its largest cabinet business, increased profits by more than 20 per cent. However, the result from Silentnight Cabinets was sigiess." nificantly below expectations,
The US beds operation with disrupted production because of a factory extension leading to higher costs. tinued to find it difficult to increase turnover profitably. Houben, a German bed and mattress manufacturer bought last May, made an eight-month

profit contribution of £879,000. Earnings fell 4 per cent to 17.14p (17.84p). An unchanged final dividend of 5.75p maintains the total at 8p.

Silentnight's shares rose 7p to

302p as these results were ahead of expectations. The group struck a cautious note on its trading outlook, but seems well poised to benefit

By Raymond Snoddy

THE BOARD of The Observer,

which includes independent

directors, yesterday gave its

unanimous backing to a sale of the Sunday title to The Guard-

ian and Manchester Evening

After the meeting the board

issued a statement saying it

had unanimously backed the

continuation of negotiations

Neither Observer directors

nor Guardian management

would comment further last

with The Guardian.

Observer board backs

sale to Guardian

from any sustained upturn in consumer confidence. Pressure on prices has been intense, but new models and higher orders from recent trade shows suggest some scope for rebuilding margins. The group gives no divisional split of profits, but the problems in cabinets seems limited to the US and one-off factory extension at Silentnight Cabinets. Analysts believe earnings could advance 20 per cent in the current year, putting the shares on a prospective multiple of under 15. a slight discount to the market Despite having risen by nearly 60 per cent since September, the shares could have further

Lonrho, owner of The

The Observer to GMEN would

require the permission of Mr

Michael Heseltine, trade and

industry secretary, under the

provisions of the Fair Trading

Act relating to newspaper

A reference to the Mergers

and Monopolies Commission is

automatic unless Mr Heseltine

is satisfied the paper was not

economic as a going concern

The Observer is a loss-mak-

made it clear to parliament

that he could not reach a view

until he can study the terms of

and that the case is urgent.

Observer, over two years. Any transfer of ownership of ifs

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Auditors qualify annual report of ECH subsidiary

ENTERPRISE Computer Holdings' principal subsidiary, Enterprise Computer Services, has had its annual report qualified on a going concern basis by KPMG Peat Marwick, its auditors.

The accounts cover the 15 months to March 31 1992 when the group posted pre-tax losses of £8.33m on turnover of

However, the supplier of second user IBM computers said the boards of both the parent company and the subsidiary were satisfied that the group's to be available for a period "which will allow the auditors to report on the accounts to March 31 1993 without a going

concern qualification." In a statement yesterday the

group said its confidence stemmed from the improved trading performance during the last quarter, and the pending merger of Teltronics and SRH, a company in which Enterprise has a 25 per cent equity stake, which is expected to be completed before June

The merger is expected to result in the group receiving £5.3m in cash, property and securities over the next 12

Since June last year Enterprise has undergone a substantial reorganisation and restructuring under a new management team led by Mr Shaun Dowling, non-executive

The deal agreed in principle, however, is believed to value The Observer at about £27m a sum that would be paid to **Thomas Cook bolsters** Goodhead

By Michael Skaplnker, Leisura Industries Correspondent

THOMAS COOK, the UK-based travel agency chain which is controlled by Westdeutsche Landesbank, has acquired Marlin Travel, Canada's largest travel chain, for C\$22m (£11.3m).

Thomas Cook said the deal made it the biggest retailer in the Canadian business and leisure travel market with an 11 per cent share and 350 outlets. It is to pay an additional C\$3m deferred consideration, subject to Marlin's performance over the next two years.

Marlin, which is privatelyowned, has 840 employees and 251 outlets in Canadian shopping malls. Mr Rod Marlin and Mr Gary Elliott, its two found-

Allders International invests in Turkey

ers, own 52 per cent of its equity. Mr Elliott will become chief operating officer of Thomas Cook Canada. Thomas Cook said Mr Marlin will advise the enlarged group on

its strategy. Thomas Cook said the North American Free Trade Agree ment and the integration of the North American travel husiness had made the strengthening of its Canadian operation a priority.

The company has been prevented from operating directly in the US because federal regulations prevent banks from owning travel companies. Until last year, Thomas Cook was owned by Midland Bank. It operates in the US through Thomas Cook Travel US, a franchised organisation.

to be worth in the low millions of pounds.

stock market flotation.

its Canadian operation

printer and publisher, yesterday warned of a further profit

The shares closed 1p lower at In January the company

£181,000, after exceptional charges of £133,000.

yesterday the directors said that trading conditions deterio-rated in the third seasonally difficult quarter in both the design and print divisions, due principally to uncertainty in the economy, and high interest rates which led to cancellation

such the group was likely to report a reduction on the profit achieved for the first half of the current year.

activities, directors said.

Hillsdown's ex-chief cuts stake

By Maggie Urry

any application.

SIR HARRY Solomon, who last week stepped down as chair-man of Hillsdown Holdings, has sold 1m shares in the food group, cutting his stake to 4.38m shares. He sold at 161p a share.cum-dividend.

Sir Harry, who remains a non-executive director, is understood to have wanted to raise cash to invest in new activities and for charitable reasons. He also has options to buy 658,000 Hillsdown shares. Meanwhile, Mr Ray Mackie, who became finance director of the group last week, has

bought 25,000 shares at 155p ex-dividend each. Hillsdown shares rose 7p to 164p. • Hillsdown also said yesterday that it had sold its Harvest Poultry operations, based in Norfolk and Suffolk, to its management for £6m. The

MBO, led by Mr David Thacker, was backed by 31, the investment capital group. Since Hillsdown bought the JP Wood poultry operations from Unigate last spring it has

DIVIDENDS ANNOUNCED

		ANNO	UNCEL	,		
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year	
BMSSfin Inghamfin Stantialghtfin	3 1.25 5.75	May 20 July 1	2.7 2 5.75	3 7.25‡ 8	4.7 3 8	4

Dividends shown pence per share net except where otherwise stated. For

£200,000,000

Mortgage Backed Floating Rate Notes 2018

Aggregate interest charging balances of Mortgages redeemed during the previous Interest Period: £4,704,250.06

The aggregate principal amount of Notes outstanding as at 30th April, 1993: £102,300,000

Agent Bank

Calculators come out after Man United League win

By Jane Fuller

WHILE FANS of Manchester United Football Club reached for their handkerchiefs to wipe away tears of joy at winning the Premier League championship, City commentators were reaching for their calculators. the European Champions Cup

The title secures a place in and that means extra profits for Manchester United plc in 1993-94. Yesterday the shares closed at a new high of 463p, about 180p up on the start of the football season last August. Not that it is easy to settle on a new profits forecast. The tournament could add any-

thing between £500,000 and

25m or more, depending on the

team's progress and TV

income. Mr David Murray,

chairman of Glasgow Rangers,

says his club earned £4m net of

costs from playing in the Euro-

pean Cup this season.

Volatility of cup incoms joins the other great variable, spending on players, in making forecasting particularly difficult. This year analysts have pencilled in £5.3m pre-tax for United, assuming £2m net spending on players.

Ironically, the Premier League win will slightly reduce expected 1992-93 profits. Although it brings 2858,000 in prize money as part of the League's broadcasting deal with BSkyB, players' bonuses will take a chunk of that.

Champions Cup flow through in the next financial year. According to Mr Robin Launders, United's finance director, the potential profit score sheet totals about £4.3m and reads Each of the first and second

like this:

The benefits of playing in the

rounds could earn £500,000 The mini-league stage guarantees six games and could bring in £900,000 profit on home gates (regarded as a conservative estimate) and an average of £1.3m from UEFA, the sport's governing body.

• If United wins through to a semi-final, he estimates that another £420,000 would come via the points system, plus

about £700,000 from gate and television fees. The final - at a neutral venue - would add little extra because of large bills in terms of team bonuses and travel

Apart from the large gap between top and bottom profit estimates, there is one other caveat. United's need to buy players may be increased by UEFA's restrictions on fielding foreign players. Eight of United's regular first-team players are Welsh, Scottish. lrish, Danish, French or Rus-

warns of setback

GOODHEAD Group, the fall for the current year to end-

reported a 58 per cent drop in first-half pre-tax profits to

For the whole of 1991-92 the profit was £721,000, compared with £4.02m in the previous 12 months. In a trading statement issued

of orders.

The company said that as Net has is duty-free shops in 10 locations including Turkey's main tourist airports. Allders international is the second largest duty-free retailer in the world. Allders, which also operates UK department stores, is considering a

However, profitability has been restored to all areas of its

been reorganising capacity.

Residential Property Securities No. 2 PLC

The rate of interest for the three month period 30th April, 1993 to 30th July, 1993 has been fixed at 6.5125 per cent, per annum. Coupon No. 20 will therefore be payable on 30th July, 1993 at £1,623.66 per coupon.

Aggregate interest charging balances of Mortgages redeemed as at 30th April, 1993: £186,893,323.53

S.G. Warburg & Co. Ltd.

Wednesday May 5 1993

The private sector is re-emerging from the rubble of the planned economy but already the government is being criticised for slow progress on reforms. The country's importance in

the Balkans has been underestimated, writes Anthony Robinson

Re-emerging - if slowly

a stable, reforming country in the heart of ulgaria's importance as the Balkans has tended to be undervalued. This may be about to change as it builds the political and economic institu-tions needed to consolidate the progress made to date in transforming what used to be one of the most orthodox of the Soviet satellite states.

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Printing of the section

As in Bosnia, the legacy of Ottoman rule includes several Moslem minorities, including Pomaks, who are ethnic Bulgars converted to Islam, and

ethnic Turks. But Bulgaria has managed to avoid the ethnic conflicts of neighbouring Yugoslavia. Nor has its economy been engulfed by hyper-inflation, even though, before the collapse of Comecon, Bulgaria was the most closely linked to the former Soviet market. Its currency, the leva, has also been stable for the past two years, and a private sector is re-emerging from the rubble of the planned economy.

It would be a mistake, however, to take Bulgaria's contribution to maintaining the sta-



bility of a historically fractious region for granted. Bulgaria and Serbia have fought three wars over Macedonia in the last century and a spill-over of the current Bosnian war into Kosovo or the newly recognised former Yugoslav republic of Macedonia would almost inevitably involve Bulgaria and the two historic rivals on its southern flank, Greece and torical claims to territory and peoples which bedevil the

That could lead to a tragedy of incalculable dimensions which, Bulgarians are con-vinced, would not only inflame the Balkans but have repercussions throughout the continent. That is why President Zhelu Zhelyev, while calling on the UN, the EC, Nato and other institutions to intervene militarily if necessary to stop the fighting in Bosnia, insists that neither Bulgaria nor any other Balkan state should get involved in the Yugoslav imbroglio. "To do so would risk claims and counter-claims Since the end of last year of irredentism," he says in recognition of the conflicting his-

External risks aside, however. Bulgaria's strenuous efforts to rebuild on market Forces. principles an economy gravely distorted by decades of reliance

on cheap Soviet energy and raw materials for its industry and on Comecon markets for 80 per cent of its foreign trade, are stretching the capacity of the country's inexperienced politicians and the patience of an electorate confused by five governments in three years.

Bulgaria has been ruled by a government of technocrats. It is headed by Mr Lyuben Berov and supported by an odd coalition of former communists, ethnic Turks and breakaway rebels from the anti-communist Union of Democratic

Mr Berov, a 67-year-old former university professor, took up the reins dropped by Mr Filip Dimitrov after the UDF government, elected with a small majority at the October 1991 general elections, collapsed. The UDF, a broad-ranging umbrella movement united by anti-communism but little else, was riven by internal dissension. Its last months were accompanied by growing differences between President Zhelyev, one of the UDF's founders, and Mr Dimitrov, whom he accused of incompetence and insensitivity to the pain which the government's economic and social policies were causing the majority of the country's 8.5m people.

In practice, the margin for alleviating pain is small. Bul-garia was saddled with an \$11bn foreign debt by the previous communist regime led by Todor Zhivkov and is required





by the International Monetary Fund to keep this year's budget deficit to 7.9 per cent of GDP to qualify for a new standby agreement. This, in turn, is needed if Bulgaria is successfully to renegotiate its \$8.5hn debt to the London Club of commercial bank creditors. Negotiations are due to resume in Frankfurt later this month.

Faced with unemployment expected to rise to 17 per cent by the end of the year, an ageing population with 2.4m pen-sioners and a brain drain of the economically active, the government has been able to do little more than increase credit subsidies for newly privatised small farmers and allocate funds for badly needed safety improvements on the railways. Later this year it hopes to introduce VAT and



Prime minister Lyben Beroy heads

other tax reforms to raise revenue and target more effectively the emerging private sector. Its main problems are the government's lack of a solid political base and popular disillusionment after three very tough years in which most people have lost the security but also the predictability of a

communist regime. Regained freedoms and wider choices are still cherished. But ordinary Bulgarians are finding it increasingly hard to get visas from western embassies to travel and falling incomes have kept newly available imported goods out of reach, except for a minority of new entrepreneurs, many of them closely connected with the former regime. "It is not enough to be offered a form of economic

Darwinism", says Mr Georgy

Pirinski, a former communist who is now a leading figure in the social democratic wing of the Bulgarian Socialist party. "We need an industrial policy which will help us to restructure and save our shipbuilding or engineering companies like Balkancar, as well as developing the service industries and the private sector." As part of the coalition sus-

taining the government, the BSP, successor to the communist party, is again able to influence policies from within. For UDF politicians, such as Mr Ivan Kostov, the former finance minister, and many ordinary Bulgarians, the continuing influence of the former communist nomenklatura is one of the main reasons for the slow progress of structural reforms and privatisation.

Although only in power for 100 days, the government is already being criticised for failing to improve on the slow progress towards privatisation and the delayed introduction of vital banking and other legisla-tion of previous governments. Old habits and the power of old connections undoubtedly play a part in holding up reforms. But the delay also reflects the difficulty of recruiting and keeping skilled and experienced personnel in the face of competition from the private sector and the exodus of many of Bulgaria's better educated

younger people.
Bulgaria had been losing competitiveness for 15 years before the communist regime collapsed and industrial output has dropped by 50 per cent over the last three years alone. Without more foreign investment and freer access to EC markets in particular, it will be virtually impossible for Bul-garia to modernise its economy and develop a stabilising middle class by its own efforts

Whether such assistance is forthcoming_depends as much on western Europe's ability to re-assess the importance of maintaining stability in the Balkans, as on Bulgaria's own continuing efforts to throw off the legacy of the last four decades and establish itself as a modern, moderately prosper-

THE ECONOMY

Next year may see recovery

survive the wrenching changes suffered by Bulgaria over the last three years must have a brighter future than meets the eye. This is the thought which sustains the country's economic managers and ordinary citizens as they slog through the fourth year of a painful readjustment that, on the basis of incomplete official statistics, has halved industrial output and reduced GDP per capita to a mere \$980 a year.

The assumption in this year's budget is of a further 3-4 per cent decline in GDP in 1993; accompanied by at least 60 per cent inflation and a further rise in unemployment to about 17 per cent by the end of

Independent economists expect inflation to remain level given the 18 per cent rise over the first quarter and the prospect of further inflationary surges with the reduction in energy subsidies planued for May and the introduction

of VAT later this year.

If all goes well, however, and that includes no extension of the Bosnian war to the wider Balkan arena and reasonable domestic political stability, the economy should start a slow but accelerating recovery early in 1994.

Getting back onto a sustainable growth path depends largely on the government's ability to push this year's budget through a fractious parliaent with its 7.9 per cent of GDP budget deficit ceiling intact. But it also requires pressing ahead with privatisa-tion, tax reform and moderni-Sant F sation of the banking and financial sectors.

Progress on all these fronts is required if the International Monetary Fund is to sign a new standby agreement. Such a signal of support from the IMP is needed to reassure potential investors and belp

debt reduction agreement with the London Club of commercial bank creditors to whom Bulgaria owes \$8.5bn of the total \$11bn foreign debt run up during the final years of the communist regime.

As the OECD noted in its first economic assessment of Bulgaria last year: "External debt is the sword of Damocles hanging over the Bulgarian economy." Over the medium term, it added: "Bulgaria will attract official capital inflows, foreign investment and trade

The OECD says external debt is "the sword of Damocles hanging over Bulgaria's economy*

credit only if a satisfactory solution to the problem of external debt is found." Since reneging on its debts

in 1990 Bulgaria, the former Soviet bloc country most dependent on trade with its Comecon partners, has been deprived of access to normal hank finance and unable to attract more than a minuscule amount of foreign investment. Unofficial estimates put

total foreign investment over the last three years at around \$100m, compared to the \$5bu which has flowed into Hungary over this period. But substantial involvement by the World Bank, the IMF and other international institutions has led to the drawing up of substantial sectoral modernisation plans for key sectors such as telecommunications, nuclear safety and

environmental protection. At last month's European Rank for Reconstruction and Development conference in London, improving the safety of the Koziodny nuclear power complex was singled out as the first project for the recently formed nuclear safety facility.

funding for infrastructure and development projects is starting to attract international companies. Siemens and Alcatel. for instance, are expected to set up new production facilities in Bulgaria. The country has a skilled electronics workforce but its domestic industry, heavily oriented on exports to the Soviet Union, virtually collapsed with the demise of Comecon.

Good prospects for oil and gas prospecting in the east of the country and the Black Sea shelf have also lured British Gas, Texaco and other western energy companies while Rover of the UK has joined Greek and Turkish companies attracted not only by growth estic market but Bulgaria's long-standing trading contacts with the former Soviet Union and its membership of

> Sea economic zone which includes Turkey and several of the former Soviet states. In March, Bulgaria signed a free trade agreement with Efta and an association agreement with the European Community which should facilitate the further re-orientation of Bulgarian trade to western markets. But the EC accords leave much to be desired, with special protocols still to be finalised covering sensitive sectors such as textiles, food and steel while wine, one of the few export success stories, is excluded

the recently-established Black

from the arrangement. Even so, the latest agreements are welcome in a country which until 1989 conducted nearly 80 per cent of its trade with the socialist bloc and which is being forced to re-orientate its trade not only westward but also south and east to Greece, its EC neighbour, and above all to Turkey and the Middle East.

Such a shift has been accompanied by much pain. Whole

initially built up with Soviet subsidies and equipment to serve the Soviet market, have been decimated. Giant chemical, metallurgical, engineering and electronics plants were deprived of their traditional markets overnight and, in the case of the electronics sector in particular, revealed as hopelessly obsolescent in the face of competition from south-east Asia.

The same is true for the farming sector, which has been doubly hit both by the disappearance of the former inexhaustible Soviet demand for cheap wine, grain and processed foods and by a chaotic process of land restitution and

Longer term, the shift to market mechanisms and modernisation of its agro-industry should make much better use of the country's fertile land and clement climate.

Meanwhile, the 50 per cent decline in industrial output, painful though it is, has exposed the nature of the old centrally-planned economy with its enforced dependen on Soviet raw materials and markets. The shift to a less energy-intensive and more productive economy based on service industries, light engi-neering, tourism and a modernised agro-industrial sector

The private sector, concentrated initially in trading and services, has not yet filled the gap left by the collapse of state industry. But its share has risen from around 5 per cent to an estimated 20-25 per cent of an overall lower GDP.

Times are still hard but an economic transformation is under way in Bulgaria which mirrors, with a time lag, the reforms that have already changed the face of central Europe.

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Profile of an entrepreneur

Getting paid is a high priority

home where collecting overdue approached by foreign payments on behalf of indebted state companies and other clients forms a substantial part of his business. "Bulgarian companies are being strangled by debt. We help to keep them afloat and advise them on privatisation," he says. Among his clients is one of

Bulgaria's biggest steel and engineering companies whose

to getting paid also applies at management has been companies such as ABB, the Swiss-Swedish power engin-eering group, Mannesmann of Germany and Kobe of Japan. which, he believes, want to buy the company in order to close it down.

"If we can keep this company afloat for two years it could become the best machine building factory in the

Balkans. It can make castings of up to 80 tonnes, but is only working at 20 per cent capacity. If we allow it to be strangled by debt now, it will go under," he believes. "I'm not a nationalist but we have to protect our future and the jobs of thousands of Bulgarians are at stake," he Mr Gibinsky sees his func-tion as that of a home-grown

merchant banker, helping to rationalise the Bulgarian economy. To many ordinary Bulgarians, crushed by rising prices and unemployment, he and his four partners - a doctor, a physicist, an economist and a driver - reflect the unlikely background of Bulgar-ia's budding entrepreneurial

class.
With their silver Mercedes and smart suits they now look to many Bulgarians like the capitalist sharks they were warned about in their socialist

Mr Gibinsky lives in a house opposite Sofia jail. "People used to say that I now live opposite the jail, but in a few years time I'll be living opposite my house," he says with a rueful shrug of his shoulders at the enduring conservatism of his compatriots and the suspicion which accompanies new

LIKE MANY budding entrepreneurs in eastern Europe, Mr Ljubomir Gibinsky, the brains behind Prime Investment Trust Holding, one of Bulgaria's fastest growing private banking and investment groups, made his first million as a money changer, write Anthony Robinson and Virginia Marsh. Last year the group's banks,

newspapers, consulting services, tourism and money changing activities reported a turnover of Lv25bn (about \$1bn), according to the former philosophy and political science lecturer from Ploydiv, Bulgaria's ancient second city. For four years the portly, pale-faced capitalist with a

goatee beard and long, manicured nails has hardly had a day off. Indeed, he has not left Bulgaria. Last month he picked up a new passport in order to accompany Mr Lyuben Berov, the prime minister, to Moscow on a trade mission designed to revive trade and settle Moscow's outstanding

Business in eastern Europe is all about assuring payment," comments Mr Gibinsky who. like many Bulgarian intellectuals, spent years studying in Russia, in his case at Moscow State university. The high priority he attaches

former communist Europe. Her combination of charm soon be focused on foreign commerciai bankers, who hold the bulk of Bulgaria's total \$10.96bn foreign debt, when the Club bank creditors, led by Deutsche Bank, meet in Frankfurt later this month.

At issue is the \$5.5bn owed to a group of more than 300 foreign banks, most of it accumulated over the last five years of the Zhivkov regime. During this period the communist government borrowed heavily both to service its existing debt and to pay for the import of components and equipment. Much of the imported components were then incorporated in goods which were exported to the former Soviet Union for soft roubles or sent to slow-paying

WITH its cocktail bars, shops

full of expensive goods and lux-

ury cars. Sofia has acquired

some of the gloss of a western

city. But looks are deceptive.

While western companies have

been quick to set up shop in

Bulgaria, far fewer have ven-

tured beyond trade or commit-

ted themselves to large invest-

Official figures put direct for-

eign investment in 1991 and

1992 at \$100m. a fraction of the

over \$7bn in equity capital

which has poured into central

Foreign investors have been

deterred by Bulgaria's compar-

atively slow and faltering steps

towards a market economy.

These have led to many politi-

cal and legislative upheavals in

the past three years and been

accompanied by a moratorium

on debt payment since mid-

Europe since 1990.

ments, writes Virginia Marsh.

Anthony Robinson meets a key negotiator

Struggle to cut debt

External debt stock in convertible currencies 1990-1992 (in Sm)					
	1990	1991	1992		
Paris Ctub (official creditors) London Club (commercial banks) Comecon countries	1,479 7,277 1,150	1,118 7,875 1,188	1,205 8,508 1,250		
TOTAL	NL 9,796 10,181				

countries such as Iraq, which still owes Bulgaria \$2bn.

Large-scale borrowing. amounting to \$1,200 a head, helped to prop up the Zhivkov regime and disguise the declining competitiveness of the nomy since the mid-1970s. The loans were provided mainly by European and Japanese banks on the assumption that the former Soviet Union stood in the background as lender of last resort to its former satellites.

That illusion was smashed in 1990 when the Socialist party (communist) government. faced with the need to repay over \$3bn in capital and interest, first stopped interest payment and then capital repayment. By that time the Soviet

bail out anybody.

"There was no alternative to declaring a debt moratorium, says Ms Todorova who, as a senior research fellow at the Institute for International Relations in Sofia, had been compiling facts on the debt situation and knew that the refusal of western banks to roll over credits made default inevitable.

Since then, however, Bulgaria has been cut off from access to international capital markets and has had to rely on financing from the International Monetary Fund, the World Bank and aid sources such as the European Community Phare Fund.

The first step towards normalising financial relations came with last year's rescheduling agreement for the \$1.8bn Brady-type debt relief with big reductions in both capital and interest obligations. Technically, Bulgaria will offer a full menu of possibilities - including discount bonds, par bonds, front-loaded interest reduction bonds, debt-equity swaps and buy-backs. All the countries of eastern

Europe are different and their treatment should reflect this as in Latin America where the case-by-case approach has been applied," Ms Todorova argues.

Given the parlous state of an economy whose GDP has virtually halved over the last three years and whose hard currency earning potential is severely limited. Ms Todorova appears most interested in reaching agreement on debt buy-back. She quotes the example of Costa Rica which, with help from the Inter American Bank, was allowed to extinguish its debt by buying back at a discount of 78 per cent.

Bulgarian debt is currently priced on the secondary market at 16 to 20 per cent of face value. Many smaller creditor hanks have already offloaded their Bulgarian debt in this way. But it is far from clear that other banks, which also face demands for a 50 per cent reduction in Poland's commercial bank debt, will be ready to write off so much of their Bultheir previous imprudence.

garian book as the price of Todorova will be seeking a

Mr Vladimir Bogdanov, head of

Siemens' Sofia office. But many believe foreign investment will pick up only if Bulgaria can reach agreement over its \$8.5bn debt to 300 London Club commercial banks. There are few large investments because foreign firms have difficulty in raising capital for deals in Bulgaria. A resolution of the debt problem is vital if banks are to open new credit lines," says Mr Ken-

The government also needs to do more to attract investors. says Mr Livadas. "Restrictions on land ownership by foreigners should be lifted. Tax holidays for those involved in pro-

duction would also help.' Mr Kenningham agrees: Bulgaria can be very frustrating. There are many opportunities here especially in agroindustries, electronics and light industries. But many in positions of authority seem more interested in their own business deals than in facilitating foreign investment."



Mariana Todorova: no alte to debt moretorium Paris Club debt. This provided for no debt reduction but a seven year capital repayment grace period followed by repayment over four years. In return, Bulgaria started repaying interest totalling \$74m since March 1992. But previous

Club left both sides far apart. The Bulgarian side proposed 75 per cent debt reduction while the banks counter-offered with a proposal for a 38 per cent cut. In this month's London Club negotiations in Frankfurt Ms

meetings with the London

BANKING REFORM

Loan goes adrift

BANKING reform has become critical for Bulgaria. The Berov administration is under mounting pressure to take steps to clean up and strengthen the banking system if Bulgaria is to rally the outside support it needs to continue with its tran-

sition to a market economy. Both the World Bank and the International Monetary Fund. Bulgaria's largest sources of external financing in the past three years, have tied further loans to progress in implementing banking reform.

Already the second half of a \$250m structural adjustment loan from the World Bank has been held up by delays in tackling this issue. Western institutions are concerned by the lack of financial sector regulations and by the growing level of enterprise debt on the books of state commercial banks.

The debts, accumulated by insolvent state firms and estimated at Lv35-60bn (\$1.35-2.31bn), are even pushing some banks into hankmmtey. Others cannot be considered for privatisation or as partners for western banks until the debt issue

The government has said it will take action but to date has made no firm decisions, "After 2½ years of discussion there is still no consensus on the Bulgarian side as to how to tackle state enterprise debt," says one western consultant. "There is an awareness that something must be done but that's it. They are drifting while all the time the situation gets worse."

One problem is that the country's financial institutions have conflicting interests, he says. "The central bank is concerned about the effect of a settlement on the banking system, the ministry of industry about state firms and the finance ministry about the cost to the budget.'

The responsibility for financial sector regulation, on the

other hand, lies primarily with the National Bank of Bulgaria. an independent body accountable to parliament alone. The Central Bank Act of 1991 gave the national bank a supervisory role as well as control interest rate policies.

The bank, too, has delayed action, issuing some prudential regulations only last month. These follow standard international practices and include rules on capital adequacy ratios, liquidity and licensing.

Even now, Mr Todor Vulchev, the bank's governor, acknowledges banking regulation is far from being a reality.

"Powerful groups have set up 'banks' as fronts for their own activities"

The difficulty will come in implementation. First, most of the state commercial banks don't understand the new regulations. Second, we are not in the best position to supervise

"Like other public institutions, we have lost many of our best staff to the private sector. We are now training new people with the help of the US Treasury and Federal Reserve Bank but, inevitably, this takes

The central bank is also likely to face resistance to the new regulations from the private financial sector. "There are powerful groups out there who have been following their own rules for the past three years," says one western banker. "Some of them have set up 'banks' as fronts for their own business activities.

"It will be hard to unravel exactly what is going on, not least because many of these private bankers have contacts inside the government and the central bank who will try to shelter them."

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One area, however, where progress has been made is in bank consolidation". This involves the merging of 80 state commercial banks, created by the communists in the mid-1980s, into eight to 10 new banking groups, considered sufficient for a country of 8.5m

The first merger, the United Bulgarian Bank, which brought together 22 banks. began operations in January. "We hope to form four more groups by July, leaving only three banks unresolved," says Mr Plamen Petrov, executive director of the Bank Consolidation Company which was set up in November 1991 to over-

see the process. But he, too, stresses the need for wide-reaching banking reform. "The EBRD is interested in a stake in the UBB. Through this it could open credit lines to the private sector. But it is unlikely to go ahead without more banking supervision and a solution to the internal debt problem," he

The central bank would like to see more foreign banks enter the Bulgarian market but this, too, hangs largely on the outcome of foreign debt negoti-

Meanwhile Austria's Raffeissen bank has taken a 35 per cent stake in the Bank for Agricultural Credit and several Arab and other European banks have set up representative offices. A few new banks with grand names and influential backers, such as the International Bank for Investment and Development, in which the former finance minister of the Shah is a major shareholder. are also setting up to offer services in competition to the First Private Bank and other fledgling local banks which have emerged in the past two

Virginia Marsh

FOREIGN INVESTMENT

Persistence may pay off

governments and many changes in the legal framework, including significant amendments to the first (postcommunist) foreign investment and privatisation laws," says Mr Philip Burley of Rover, the British car manufacturer, which has been negotiating to set up an assembly plant in

Bulgaria for three years. With much confusion over responsibility for reform and delays in privatising state firms, often the biggest challenge for a foreign investor is finding a Bulgarian party prepared to take business decisions, says Mr Andrew Ken-1990 which has cut the country ningham, director of the 'We've had to deal with five Bulgarian International Busi-

ness Association, which represents western investors including British Gas, Rank Xerox and the Bulgarian-American

Enterprise Fund. "Foreign companies are frequently passed like a ball between the privatisation agency, the ministries and the enterprise they are interested in, with no one prepared to execute a deal," he says.

The recession in western Europe and the business climate in central European excommunist countries have kept investors away, says Mr Konstantinos Livadas, a consultant who represents Delta, a which has invested \$3.5m in a

distribution network and ice cream factory at Varna. In spite of his disappoint-

ment at Bulgaria's slow pace of change, Mr Livadas remains optimistic. "The market is empty. Companies persistent enough to do business here will find many opportunities." Infrastructure projects have

encouraged western companies to form local partnerships so as to carry out some of the work. Siemens, one of four western firms which recently won a \$230m contract to upgrade the country's telecommunications network, has invested DM2m in a joint venture with Incoms, the Bulgarian state communications comany. "It will produce some of the digital switchboards for the modernisation project," says

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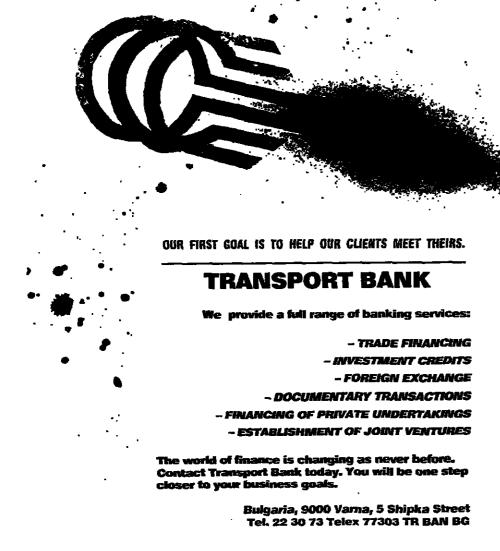
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Anthony Robinson on privatisation prospects

Why progress has been slow

east European privatisation. Not even one large or medium state enterprise has yet passed ing losses for the enterprise state enterprise has yet passed into private hands. But this does not mean that nothing has happened. Wide-scale restitution has returned thousands of shops and other forms of property to former owners in towns and villages accompanied by a partial and controversial restitution of land in the countryside

Virginia M

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The most controversial aspect of the process is widespread hidden or nomenklatura privatisation, which really means illegal asset stripping and theft of state or municipal property, often in ingenious ways.

The slow progress of formal privatisation is part of the price being paid for the difficult and confused political transition from an ossified communist regime in a country where neither parliamentary democracy nor capitalism ever had strong roots.

The slow pace has led to disillusion with the reform process which reflects a widespread belief that the "reform communists" who took over power from the Zbivkov clique in 1989 and transformed themselves into the Bulgarian Socialist party (BSP) spent their first year in power salting away state property in private accounts or making sure that former party members remained in key positions.

A typical mechanism for "privatising profit" while leaving the loss-making enterprises in formal state ownerships entails the formation of private companies linked to the family and friends of nomenklatura managers. The private companies are able to "buy" products or assets at but big profits for the new private owners or traders.

Throughout the former Soviet empire, the mechanism is well-known but it is particularly well entrenched in Bulgaria, where much of the legislation needed to back up the transformation to a market economy has yet to obtain parliamentary approval.

Mr Valentin Karabashev, the young deputy prime minister who has the difficult task of trying to co-ordinate government economic policy, says: "Such so-called hidden privatisation' discredits the formal privatisation process and slows it down." The only way to struggle against hidden privatisation, he adds, is to speed up open privatisation.

But a succession of five governments in three years, slowness in approving enabling legislation and differing views on how to proceed between the various ministries and the Privatisation Agency, have com-bined to stultify progress. Mr Alexander Bozhkov,

executive director of the Privatisation Agency, for example, opposes the sort of mass privatisation through vouchers pio-neered by the Czech republic and under way in differing versions in Poland, Hungary, Russia and elsewhere. He argues that a mere redistribution of ownership is not enough. "We have not yet succeeded in finding the best way for Bulgaria. We are experimenting with MBOs, ESOPs, virtually everything except complicated voucher programmes. But if they don't

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THE VEHICLE OF REFORM



Alexander Bozhkov: mere redistribution is not enough

work, we'll probably opt for some form of voucher system

Meanwhile legislation remains incomplete. The resti-tution law, returning physical property to those with valid claims, was passed by parliament in January last year fol-lowed by the privatisation law last April. But the law which provides compensation for those unable to reclaim physical assets, which might have been knocked down or transformed into blocks of flats or factories, has already gone through three drafts and has not yet been finalised. Neither has the bankruptcy law, without which it is virtually impossible to close down chronic loss makers.

At present 12 companies are

THE changing face of Plovdiv

Fair, Bulgaria's largest annual

trade event, epitomises the

transformation taking place in

Four years ago, it was the

classic Comecon trade exhibi-

tion where member states

exchanged machines and capi-

tal goods according to pre-ar-

ranged quotas. These days, the fair offers Bulgarian companies

the latest in western technol-

ogy and consumer goods and acts as a showcase for Bulgar-

Bulgaria's foreign trade.

being privatised while 84 companies have been selected for the first round of the process. Up to 20 per cent of shares in privatised companies will be offered to employees at a 50 per cent discount, but only up to the equivalent of one year's salary. A further 20 per cent of shares have to be set aside for purchase by yet to be estab-lished mutual funds. In practice, however, foreign investors will be able to buy up to 95 per cent of target enterprises, Mr Bozhkov says. To facilitate privatisation

many of the large industrial combines employing tens of thousands of workers have been split up into several smaller units and "commer-cialised" by being transformed into joint stock companies whose shares at present remain owned by the treasury. Up to now, however, there is little foreign interest in such plants while few Bulgarians have the resources or the desire to take them over. Some will survive, others face bankruptcy. In Bulgaria the shift to a private economy may take considerable time, and it may be largely through greenfield investments in new industries and technologies than through the more complex task of privatising and then converting Soviet-style factories into modBULGARIA is hoping the sale of Balkan Bulgarian Airlines, the national carrier, will put its privatisation programme on the map, writes Virginia

"Balkan is the first large company to be put forward for privatisation. We are effectively a pilot project for the whole process," says Mr Kostadin Botev, managing director. He hopes the airline, which is being advised by S.G. Warburg, the UK merchant bank, will be sold off by the autumn, after two years of restructuring. "We've reduced our staff from 4.100 to 3.700 but still managed to increase our route network to 64 destinations."

UNTIL now, the Bulgarian computer industry has been known in the west for its export of sophisticated computer viruses like the Dark Avenger. But now the Cold War is over, some of the country's talented computer hacks. trained in the years when Bulgaria was the main computer software and electronics producer within Comecon and the Warsaw Pact, are putting their skills to more profitable use, writes Virginia Marsh.

Mr Todor Todorov is one such specialist turned entrepreneur. In March, Synthesis-Soft, the company he set up with a friend in 1990, won a silver medal at CeBit, Europe's largest software exhibition, for its AlphaWin program which adds Cyrillic and other eastern European languages to Windows, the word processing and desk-top publishing program.

Pilot project gets ready for lift-off

Balkan begins its second marketing phase with a short list of potential foreign partners this month. On offer to foreign investors is up to 49 per cent of the airline, the second largest in the former east bloc after Aeroflot.

The state is expected to retain a minority shareholding of around 40 per cent with the remainder going to Balkan employees and other domestic investors. Mr Botev believes Balkan, with its strategic position on Europe's south eastern flank, has two major options to link up with either a European or an Asian carrier.

To make the airline more

attractive, the Bulgarian government has made Balkan the single carrier on its network for 15 years and agreed to modernise Sofia airport.

Mr Botev says Balkan's low labour costs should be attractive to investors: "Only 7 per

cent of our costs go on salaries compared to an average of 30 per cent at western airlines." But the airline's future owners will have to foot the bill for the replacement of Balkan's Soviet-made fleet whose high energy consumption and noise levels do not meet western

With foreign debt negotiations deadlocked, the airline has been unable to secure credits to buy western aircraft. Instead, it has leased four Airbus A-320s, three Boeing 737s and the two Boeing 767s but this has proved expensive. Leasing costs gobbled up 91 per cent of operating profits of \$12.4m in the first half of 1992.

Software medallist seeks IBM deal

"The exhibition opened up many contacts for a small firm from a small country. We are now discussing joint development with a number of western companies," says Mr Todorov, a modest 40-year-old who worked until 1990 in the computer department of the Bulgarian Sports Union.

In particular, he is hoping the company will become an IBM developer. "This would give us quick access to IBM databases and software tools. increasing our chances of coming up with good programs. Money isn't as much as a problem as lack of information -Bulgarian firms need access to

the latest developments."
SynthesisSoft has already shown that much can be

achieved on a shoestring budget. For the first two years, the company, working out of a small flat in Sofia's suburbs, raised capital by assembling ket from Taiwanese components. "We always wanted to develop software but we had no money. A loan was too expensive - the lending rate is more than 60 per cent - and too risky in an industry like this where two years of research might have produced

Using profit gleaned from

turnover of about \$35,000 in 1990 and 1991, the company last year turned to developing and selling software. With the success of AlphaWin and of English-Russian and Bulgarian computer dictionaries, turnover jumped to \$100,000 last year. Mr Todorov expects to double sales in 1993.

In spite of the success at CeBit, Mr Todorov is looking for partnership only with western firms. "We don't want to be bought out by one of the large computer companies yet. We have many more ideas which we would prefer to work

on first as a small unit.' Unlike many new entrepreneurs, he takes a long-term view. "Many private firms are making money in trade and spending it on fast cars. We're trying to increase our scope by reinvesting our profits in more powerful computers."

The foreign trade picture has changed, writes Virginia Marsh

Russia still a vital link

ally strong relations with the FSU may give it an advantage over neighbouring countries Greece and Turkey which are also trying to build up their

"In a confused period like

eru, competitive units.

ian companies, both state and this, contacts and trust private, which are looking for between business partners become vital. Official relations partnerships with foreign conbetween Bulgaria and the for-The fair reflects the change mer Soviet Union may have in the country's trade and comchanged but the personal conmercial structure," says Ms tacts are very much alive," Maria Todorova, head of public says Mr Konstantinos Livadas, affairs. "Already, more than a Greek investment consultant half of the Bulgarian exhibihased in Sofia, "Greek firms realise this. Many are using tors are from the private sector while the growth in trade with Bulgarians as middlemen for western countries has boosted trade with the FSU." According to the Ministry of foreign participation. This year

we have participants from Trade, the FSU accounted for more than 35 countries." only 28 per cent of Bulgaria's The collapse of Comecon and the liberalisation of trade has foreign trade last year compared to 75 per cent in 1989. In contrast, trade with cially in the Black Sea region. countries continued to grow. We want to promote Bulgaria The European Community, as a bridge for trade with the with which Bulgaria has just Black Sea zone and the former signed an association agree-Soviet Union. Western compa-nies can market themselves in ment, accounted for 31 per cent of the country's trade in 1992. the region from here," says Ms Todorova. Bulgaria's traditionof the official figures, due to

incomplete information on the private sector and the thriving black economy. "It's very hard to keep track of what private companies are up to but we believe Bulgarian firms are very active in the former east bloc, and especially in Russia," says Mr Ivan Kolev, head of the eastern European department at the Ministry of Trade.

He believes there are already some signs of a revival in trade with the former Comecon countries, especially those exporting products made in partnership with foreign inves-tors. With goods such as washing powder from Procter and Gamble's Rakona plant and Skoda/Volkswagen cars popular with Bulgarian consumers, imports from the Czech and Slovak republics and Hungary While underlining that the

country remains committed to developing closer trading links with the west, Mr Kolev says Russia remains a vital trading partner for Bulgaria. "Above all, we need spare parts many of our industries run solely on Russian-made equip-

ment." he explains. He is also looking to the

future: "Russia is a vast country with many resources. Links with western markets give us new possibilities but they cannot substitute for the opportunities in the east." He welcomes initiatives to revive economic co-operation between the former Comecon countries which were discussed at the April meeting in Copenhagen between the EC and its eastern

European associate members. Bulgaria hopes to join the trade pact agreed between Hungary, Poland and the Czech and Slovak republics last year."A regional free trade is at its highest."

area will help us in the short term. It can also foster eventual integration into the EC unlike in the past, we will work to international practices and standards," Mr Kolev says. But there are other reasons for pursuing rapprochement with the former east bloc. "We need time to adapt our production and raise standards to be competitive in the west," says Mr Valentin Karabashev, min-

He deplores the EC's decision last month to ban the import of livestock and dairy products from eastern Europe. "It is a worrying precedent. Bulgarians think that behind the formal reasons were purely economic motives. The restrictions came exactly at Easter time when the price of lamb on the Greek and Italian markets

But most doubt the accuracy

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ern investors, and over 50 of them are already showing interest in the privatisation of our tourism industry," says Mr Yaroslav Karabolkov, senior expert at the privatisation agency's tourism division. The plan calls for the privatisation of 30 companies, includ-

ism officials say that most of

BULGARIA'S privatisation

A new image for tourism

companies in the sector should be privatised by 1998. The hope is that privatisa-tion will help Bulgaria's tourist industry improve its quality of service and target more upmarket visitors. Under communism, the country was ing Black Sea resorts, hotels, forced into the lower end of the tour operators and other travmass tourism market: cheap el-related firms, by the end of package holidays in block-like the year. Committee of Tourhotels along the sandy Black

the currently existing 150 state ists a year came from the for-

mer eastern bloc countries. In 1989, tourists from eastern Europe accounted for 63 per cent of all holiday makers in Bulgaria. Last year their numbers dropped to 18 per cent.

They have been partially

replaced by an influx of west-

ern tourists, a trend which

should encourage foreign

investment. A list of potential western buyers is appended to a pro-

wooden ploughs - is a throw-

back to the pre-industrial age.

Meanwhile, the oversize machines of the communist era

lie unused in abandoned collec-

machines they can work with.

Russian tractors can't even

turn around on the size of the

plots which are being given back to people," says Mr Stew-art Campbell, head of an EC-fi-

nanced Phare project which

has pledged Ecu 50m to help

agricultural reform since 1990.

believes the best way forward is to press ahead with land res-

titution as provided for in the

1991 land law. This gives for-

Nevertheless, Mr Campbell

"Farmers don't have the

tive farms.

Arthur Andersen. Last July the consultants won an EC Phare programme tender to advise the government on privatisation. They used as a starting point a study of Bulgaria's tourism sector funded by the British Know How Fund and completed by the UK group Horwath Consulting last

According to Horwath, the gramme developed by a team future of Bulgarian tourism

of international consultants lies in the development of spewoodlands and mountains.

ing for those interested in history, religion. arts. architecture, rural tourism and hunting. The country has much more to offer than cheap summer seaside or winter skiing tine remains, monasteries and mosques as well as extensive The report also recom-

cialised package tours, caterpackages. It boasts a wealth of Thracian, Roman and Byzan-

mended developing religious heritage trails, converting former monasteries to hotels, and restoring a royal train. It identified other opportunities in

tion party, the Union of Democratic Forces. an anti-communist alliance, disagrees. "These co-operatives will slow down and even stop real restitution." says Mr Vlado Stoentchev, the

UDF mayor of Velingrad, a small town 130km from Sofia. "People are being manipulated into forming a copy of the former structures without being given the chance to explore the alternatives," he says. "It's vital for land to be privatised, then the owners can decide for themselves. That is why this municipality is leading a war against moves

holiday villages emerged as other attractive targets.

unclear ownership due to the legislation. The Committee of Tourism is expected to submit a Tourism Bill to the govern-



The Roman amphitheatre in Ploydiv: the country has many !

Virginia Marsh and Anthony Robinson on the shake-up in agriculture

Casualties of the state farms

THE COLLECTIVISATION of number of animals has had a Bulgarian farming 45 years ago was a catastrophe. The first stages of de-collectivisation carry the risk of a similar dislocation - albeit without the coercion and violence which accompanied the communists' destruction of private and peasant system of farming.

The slaughter of thousands of animals is perhaps the most tangible sign of the confusion which has followed the dismantling of state co-operatives by government-appointed liquidation committees.

"Animals were given to peasants who did not have land to keep them on," says Mr Georgy Taney, who became minister of agriculture earlier this year. "In addition, the committees were run by people with no experience of agriculture who sold off co-operatives' fodder before returning the animals."

The result was the slaughter of 1.9m sheep, 460,000 pigs and 235,000 heads of cattle in 1992 alone, he says. The drop in the

knock-on effect on the food processing industries.

Sea coast. Most of the 2m tour-

"We're running well below capacity because our supply of milk is about one third of what it was two years ago," says Mr Peycho Zagorski, manager of the Topalitza dairy in Karlovo, a small town in the Valley of the Roses in central Bulgaria.

Production can begin only at

midday, he says. Before that the dairy's trucks travel up to 100km to pick up milk from around 50 collection points. 'Around 90 per cent of the milk now comes from private farmers but they cannot meet the demand. Hardly any of them have more than 15 cows." Between the Balkan and Sredna Gora mountain ranges, the break-up of state co-operatives has led to subsistence farming on small plots of land,

mer owners and their heirs the right to reclaim up to 30 hectdivided by stakes and rows of ares of farmland. "Once people receive their land with the full titles, a land stones. Unlike the previous 50 years, the fields are hives of activity. People work their newly returned land at weekmarket will emerge. Consolidation into more economically

ends and late into the evening. But the level of technology viable units should then take place." he save horse-drawn carts, spades and

Privatisation may spur more upmarket visitors, Theodor Troev reports

However, land restitution has been slower than anticipated. By mid-April only 13.3 per cent of arable land had been returned to owners within its final borders, admits the Ministry of Agriculture "Part of the problem is that

we don't have good records. The communists destroyed land registers and any reference to private property," says Mr Evgeniy Matinchev, the deputy prime minister.

But restitution has also become a sensitive political issue. The government, which relies on the support of the socialist party to stay in power, is under pressure to stem the decline in production caused by the break-up of collective farms. "We need to find other ways

of managing the land before it is handed over. We do not want to divide up all the large farms, especially those with long-maturity crops such as

vineyards and orchards. Redistributing the land in its original borders would destroy these." says Mr Matinchev. While adamant that restitu-

tion remains a priority. Mr Tanev believes one solution is the encouragement of private co-operatives. "We need people to work together to plant, produce and look after the animals," the agriculture minister says. "Private co-operatives bear little resemblance to those we had under the communist system. Members are free to make their own decisions, like shareholders in a company." But Bulgaria's main opposi-

to re-form co-operatives."

Tobacco industry seeks greater incentives

BULGARIAN tobacco industry executives want the government to offer better incentives to newly privatised producers and potential foreign investors to revive what is traditionally one of the country's best earn-

International tobacco companies Rothmans and Reynolds have indicated their readiness to invest heavily in Bulgaria.

and ranks 14th in the world.

exports more than twice as mer Soviet and Comecon mar-

Bulgartabac officials com-

plain that the prices paid for their tobacco by the state monopoly cover under 70 per cent of production costs. The UTP claims that, given the incentive of higher prices, tobacco production could leap to 100m kg. As it is, Bulgaria's 12 tobacco-processing plants and nine cigarette-producing factories operated at only 60

conference travel, spa treat-

ment and ecological tourism. Casinos, roadside tourism and

Horwath emphasised the need for speedy privatisation. Though some 3,000 of the country's 3,150 tourism-related companies are private, they account for only 10 per cent of the total turnover. Obstacles to foreign investment include restitution of property to its former owners, and ambiguous

ment later this month. Arthur Andersen's privatisa-

such as Intertourist-consult. Deni and Triada Consulting. Meanwhile Balkan Holidays and Balkantourist, the country's main tour operators. report steady demand from Germany, Britain, Austria, the Netherlands, and the Scandingvian countries. Bulgaria's tranquil Black Sea coast offers an

because of the fighting in former Yugoslavia. "We had a successful winter season, and most of the summer vacations that we offer have also been booked," says Mr Ognian Avgarski, president of Balkan Holidays International. "This year we expect to bring over 150.000 western tourists through our compa-

alternative to Croatian coast

resorts that have been closed

nies in 17 countries." Balkan Holidays is also working on a privatisation plan, but is taking a cautious approach. Mr Avgarski believes a management buyout might be a better option than allowing western tour opera-

THE ENERGY MARKET

Nuclear power needed

BULGARIA has got through after decades when domestic cent of the country's energy. the winter without the power consumers paid far below cuts which used to make life a misery and disrupt the economy, writes **Theodor Troev**.

The improvement is partly due to three years of sharply falling energy demand from the hard-hit heavy industrial sector. But lower demand has been coupled with diversification away from near-total dependence on Soviet oil and Ukrainian coal and safety improvements to the Kozloduy nuclear energy complex.

Higher energy prices are also creating a more efficient and rational energy market. Recently the government announced it would raise electricity prices by 50 per cent for households and 10 per cent for industry from this month. Coal and central heating prices are also to go up. In February, pet-These were hard decisions,

rol prices rose 50 per cent. but there was little alternative

energy costs. With the price hikes, subsidies will be kept to a minimum," says Mr Nikita Shervashidze, deputy chairman

of the Committee of Energy. Cuts in energy subsidies are part of the price for obtaining the help of the international financial institutions such as the World Bank, which is providing a \$93m credit to complete the Chaira project.

Chaira, the biggest water pump storage dam in the Balkans, has been under construction for more than a decade. It will use off-peak electricity to pump water uphill and generate hydroelectric power during peak periods. Its first 210MW generator starts operating this month and three similar units are scheduled to come into

operation by 1995. Hydroelectricity, however, remains relatively unimportant, generating some 6 per

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compared to 54 per cent generated by thermo-electric power stations, and 40 per cent by the nuclear complex at Kozioduy.

Bulgaria is now working on an "energy charter" which focuses on two main areas: the better use of indigenous lignite and nuclear power, according to Mr Shervashidze. To reduce pollution and raise efficiency. locally mined coal of low calorific value is being mixed with imported coal from Indonesia and South Africa.

Under the charter plans several coalmines will be closed. Of 14 mines in Bulgaria that employ 65,000, only four are now profitable. A holding company will be set up to manage the mines and decide which

should close. Meanwhile, a continuing role is projected for nuclear power. which has contributed an increasing proportion of Bulgaria's energy since the first

Soviet-made reactor started operating at Kozloduy on the Danube in the late 1960s.

After a damaging report by the Vienna-based International Atomic Energy Agency in 1991, two of the plant's four 440MW pressurised water reactors were shut down. One of these units has since been repaired with international support, a long list of safety improvements have been made and month a new, 1,000MW reactor, which incorporates many western safety features, began oper-

On safety standards Mr Shervashidze says Kozloduv is no worse than some western plants. Its two oldest reactors are due to be phased out within live years. They are likely to be replaced, however, by a new nuclear plant, either at Kozloduy itself or at another

Many western critics still regard Kozloduy as a nuclear time bomb. Mr Jacques Attali, the EBRD president, recently called it "especially dangerous" and said that Kozloduy would be the first among eastern Europe's outdated reactors to get financial aid from a nuclear safety fund, newly established by the G-7 and

managed by the bank. But Mr Shervashidze argues that for Bulgaria, which imports some 70 per cent of its primary energy, nuclear power provides the only independent energy source. The unreliabil-ity of supplies from the former Soviet Union has underlined the need for alternative sources, he adds.

Some relief may be at hand if western companies such as British Gas, Enterprise Oil, Texaco, and OMV of Austria find oil and gas for which they are prospecting. But these new sources of energy would be earmarked for export to earn hard currency and the government is now considering building a new plant on the Danube.

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garia in the 1980s and now

ers, writes Theodor Troev.

However, Bulgarian tobacco

growers face short-term difficulties if agrarian reform does not stimulate production from fields that have newly been returned to private owners. Last year, production was only half what it was in the early 1980s when Bulgaria was thebiggest tobacco producer in Europe with a 19 per cent market share and was the world's seventh largest producer. Now the country produces only 10 per cent of Europe's tobacco.

Bulgartabac, the state-owned tobacco monopoly, was once the world's biggest exporter of cigarettes and the second largest tobacco exporter. Tobacco and cigarettes accounted for half of Bulgaria's exported processed agricultural products. But the US overtook Bulmuch tobacco. The loss of forkets in recent years has crippled export sales. Bulgartabac's exports to the CIS last year were only 76 per cent of those to the Soviet Union in 1991. Exports to Poland. Hungary and Czechoslovakia also fell after customs duties went up to protect their industries.

plain that the Bulgarian government did just the opposite last year when it cut customs duties from 80 to 40 per cent. As a result cigarette imports rose to 6.5m kg in 1992, equal to the annual production of 10,000 Bulgarian farmers, according to the Union of Tobacco Producers.

Meanwhile, farmers comper cent of capacity last year.

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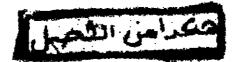
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COMMODITIES AND AGRICULTURE

Malaysian group to pull out of tin mining

in Kuala Lumpur

MALAYSIA'S TIN industry, already suffering its worst production slump since the second world war, has been dealt a body blow with the announcement that Malaysia Mining Corporation, one of the country's biggest tin producers, is pulling out of tin mining.

For years tin mining has been the core of MMC's activities and until recently Malaysia was the world's largest producer of the metal.

The corporation has been producing a large part of the country's tin, but a prolonged period of low prices; rising production costs and the depletion of high grade tin reserves has forced the company finally to hang up its mining helmet in Malaysia.

It announced the move along with its results at the weekend. After suffering losses in its Malaysian mining division for the third successive year MMC said it had little alternative but to cease its mining operations. Overall company profits had fallen by 19 per cent to M\$42m (US\$16m) last year.

The MMC results provided for a write off of M\$37m to



Malaysia was the world's largest producer of tin until output began to fall after the 1985 crisis.

close the company's tin mines and a further M\$23m in investment write offs.

Last year Malaysia's production of tin-in-concentrates was 14,339 tonnes, the lowest since 1946 and down from 20,710 tonnes in 1991. Mr Redzwan Sumun, executive secretary of the Association of Tin Producing Countries, says that as a result of MMC's move. Malaysia's tin output is likely to be halved over the next year. "I doubt the small mines can make up the slack," he said. MMC is only the latest tin

operator to conclude that the

industry in Malaysia has a labour shortages in many bleak future. In 1990 there were 141 tin mines in the country. Now there are barely 50. The critical year for MMC and the world tin industry was 1985 when the International

Tin Council's buffer stock operations collapsed and more than 100,000 tonnes of stockpiled tin came on to the mar-Ten years ago Malaysian tin

MMC has successfully diversified out of its core business was earning between M\$32 and in Malaysia into engineering M\$34 a kilogram; this week the and gold and diamond mining in Australia. But other smaller, Malaysia, with its fast indusless well capitalised compatrialising economy, is facing nies, have simply closed down

tin production league.

areas. Wages are rising and

even the most efficient miners

say tin production costs are

now at least M\$16 per kg. China, Brazil, Indonesia and

Bolivia - all of whom have

lower wage costs and more

accessible tin deposits - have

now overtaken Malaysia in the

operations and sold their tin mining sites to be used for aquaculture, water sports, parks or real estate.

This month the ATPC, which groups Malaysia, Indonesian, Australia, Bolivia, Nigeria, Thailand and Zaire, is due to meet here to discuss the future of the tin mining industry.

The association feels that two main factors are prolonging the slump in tin prices: the absence from the market of the former Soviet Union, which at one time was importing more than 20,000 tonnes of tin annually, and the continued selling of tin stockpiles by the US Defence Logistics Agency.

Most producers feel that with more mines closing and world tin stocks being gradually depleted, prices will rise. But MMC, along with many others, has decided it can wait no longer. Mr Muhamad Nur Muhamad of the Malaysian Chamber of Mines says there is as yet no indication that price trends are being reversed.

"If prices and demand do not improve, it would be difficult for Malaysia's mining sector to continue sustaining itself More mines will have to shut

Loss of guarantee will cut UK farmers' wool earnings in half

By David Blackwell

UK SHEEP farmers face a reduction of almost half in their income from wool following the demise of the British Wool Marketing Board's guarantee price after 42 years. Last year the wool price was

guaranteed at 117p a kilogram. The market price is about 64p - a marginal level for many farmers. The government's termina-

tion of the guarantee scheme

could not have come at a worse time, Mr Alun Evans, chairman of the board, said yesterday. The world wool industry had been plunged into crisis by overproduction in the southern hemisphere and the recession. But the board had been pre paring for the end of the scheme under the Agricultural Marketing Act and had cut its

costs to the level of 13 years ago at 23p a kilogram from 35p at the peak. Staffing had been cut from 160 to fewer than 60.

The BWMB will retain its

statutory obligation to collect all the wool - 50m kg - from the UK's 100,000 producers. including those in Northern Ireland and the Western Isles. This is necessary because 60 per cent of producers grow about 20 per cent of the total clip in amounts of 400 kg or less. The wool is seen principally as a by-product of lamb

production. "In times like these nobody would be likely to collect the wool from farmers, particularly in the remote regions," said Mr Evans. The world market for wool,

which is totally free, is

depressed by huge overhangs of stocks in Australia and New Zealand. Last week the Australian government announced a 12-month moratorium on sales from the country's 3.9bn-bale stockpile in an attempt to end the slide in prices, which are at

historic lows. The BWMB has retained £10m in order to be able to make what it called a prudent downpayment on the coming

clip, with the balance to be paid at the end of the season. It intends to maintain this system in order to ensure a smooth supply of wool.

Mr Donald Holdsworth, chairman of the British Wool Federation, which represents the textile industry, said the smooth flow of wool to auction via the BWMB had greatly benefited the industry, which last year exported £550m worth of

The industry did not object to the removal of the guarantee scheme, but it did object to the timing, said Mr Holdsworth. In West Yorkshire more than 23,000 jobs depended on the wool industry.

Both the Federation and the BWMB had tried to get the government to continue a mod-ified guarantee scheme, or to phase it out over several ye to soften the blow. The BWMB estimated that over its 42-year life the guarantee price had cost the government between £8m and £11m

The 'fantasy-land economics' of Russian coal

price slumped to M\$14.

Gillian Tett on the problems dogging the latest victim of the country's industrial crisis

the youthful com-mercial director of trading comthe Kuznetsk coal trading company sat in his office in the grimy Siberian mining town of Novokuznetsk and scribbled some sums on a piece of paper. "It's impossible to work out the real price of coal in Russia it's fantasy-land economics, he said with a despairing

chuckle. For Russia's huge mining community, though, the better analogy might be a nightmare. For decades after earning its image as an epitome of Soviet industrial might, Russia's mining sector is now finding itself the latest victim of the country's industrial crisis.

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Earlier this month the Russian energy ministry announced that coal production in the federation hadfallen by almost 25 per cent in the last three years, from 416m tonnes to 328m tonnes. At the same time, government subsidies to the industry have shot up to 1.3bn roubles a year; according to last month's calculations - or 6 per cent of the .. investment which, in turn, has total Russian budget. Meanwhile, with two thirds of the need of urgent infrastructural investment, accidents in some areas increased by 30 per cent

"It is a very serious situation

R VLADIMIR lorikh. indeed - it is worse than any other energy sector," said Mr Yuri Shafranik, Russian energy minister, as he announced plans to close some

mines by the end of the year. To a certain extent the reasons behind this decline are rooted in the familiar litany of Russia's industrial woes. Located on some of richest coal seams in the world, between the 1940s and 1970s the Soviet government developed thousands of mines - and mining towns - in regions like the Siberian Kuzbass, built to feed both local industry, and far flung enterprises and power stations across the Soviet

Union. But with the overall decline of Russia's industry, coupled with the breakdown of the Soviet trading structure and reduced demand for coal on world markets, the mines have been finding increasing difficulty in selling their coal. The result has been growing stockpiles at the mines, spiralling debts across the sector, and a dramatic fall in infrastructural left the mines increasingly

dangerous and unproductive. "The problem is that there is not a very great demand for our coal," explained Mr Iorikh, who estimated that because of falling demand up to a fifth of would have to close, with the potential loss of thousands of mining lobs.

But in addition to Russia's overall industrial decline, the disgruntled Kuzbass mine leaders argue that another factor has been at force in the mining crisis - the government's pric-ing policy, which fixes the price of coal sold to state enterprises at levels that the mines call "fantasy-land" prices. "The price is so low that we

cannot possibly be profitable," said Mr Vladimir Lavrik, director of the Abashevskaya mine in the Kuzbass. According to his calculations, the mines received between Rbs4,000 and Rbs7,000 a tonne. Although the government was supposed to top this up with subsidies, these were irregular and did not cover production costs. In the past year alone the Abashevskaya mine ran up Rbs800m of bank credits and unpaid debts to other enterprises, as well as a 100,000-tonne stockpile of coal it cannot sell.

"We cannot buy any equip-

COCOA - London FOX

Close

Previous High/Low

ment because we use all our meney for wages, and so the situation gets worse and worse," added Mr Lavrik. Although a recent government decree had turned most mines in the area into nominal shareholding companies, in which the government held a 38 per cent stake, Mr Lavrik claimed the mines in the Kuzbass area

that because of continuing government control over the industry he was not yet able to contemplate the other potential solution - a radical reduction in his 4000 strong workforce, and a cut in the miner's

wage, among the highest in

For the moment, most mines are attempting to survive by selling as much coal as possible outside state structures and seeking export markets. In the Kuzbass region, for example, the old state bureaucracy that used to decide coal deliveries has been replaced by a new profit-making coal trading company, which has rights to trade coal abroad.

But although some 20 per cent of the region's coal was exported last year, attempts to expand these exports have been dogged with difficulty. not least because of Russia's badly overloaded transport system. Moving a tonne of coal from the Kuzbass to Moscow now costs twice as much as the official state price of coal, while spiralling transit costs at the Baltic and Far Eastern ports have been undermining the low production price. At the same time, poor quality control and deteriorating processing equipment have made

Russian coal less attractive to foreign buyers. "Russian coal is potentially

WORLD COMMODITIES PRICES

m, 99.7% purity (5 per tonne)

1126.5-7.5 1114.5-15.5

but because the coal preparation equipment is so bad it is also potentially the most expensive coal," said Mr Igor Shelechkov, a coal trader with the British-Russian company Promtrans trading, who estimated that between 1991 and 1992 the price of Russian coal dropped by almost a third on world markets, while exports fell from 25m tonnes to 15m

Local leaders in the Kuzbass hope that foreign investment will provide one solution to the investment problems. But though some Western entrepreneurs have attempted to buy into local mines, the results so far have not been encouraging - a pioneering Anglo-Soviet

venture which invested in a Kuzbass coal mine two years ago, for example, was largely abandoned after it became bogged down in bitter recriminations of financial scams.

"The problem is that investing in a Russian mine would require huge sums of money. with very little return for many years," added Mr Shelechkov. And with Russia's political situation remaining so volatile, irrespective of the "fantasy land" economics, these seem to be risks that most international mining companies would prefer not to

Espy finds emergency funding for \$700m of food aid for Russia

By Laurie Morse in Chicago

MR MIKE Espy, the US agriculture secretary, juggled his budget over the weekend and found emergency funding that will allow \$700m worth of in food aid to be shipped to Russia.

The aid, part of a \$900m food

package promised by US President Bill Clinton to Russia at the Vancouver summit meeting, had been stalled by a dispute over freight costs. Mr. Espy, after meeting with a delegation of Russian officials in Washington last week, agreed to pay the freight differential between foreign flag ships and much higher-cost US flag vessels. US law requires that 75 per cent of US food aid be shipped in US registered

The compromise will divert

Some \$54.4m worth of the an estimated \$385m from other areas of the US Department of butter and \$12m worth of the Agriculture's budget and will allow Russia to pay only the world market rates for freight. It will also appease the US maritime unions, which have a US commodity traders said strong political base in Wash-

ington. As a result, Russia has agreed to take the \$700m in concessionary loans under the Clinton package. Of the total, about \$500m will be used to purchase commodities and the remainder of about \$200m will

be used pay for shipping. Russian grain buyers have agreed to purchase \$227.5m worth of US maize, \$105m worth of soyabean meal. \$66.5m worth of butter. \$56m worth of wheat, \$40m worth of vegetable oils, peanuts, poultry, and rice and \$5m worth of

wheat requirements will come from donation programmes rather than loans, the USDA

yesterday that the amounts of commodities involved in the package had been anticipated in the market and that the news had failed to rally grain prices at the Chicago Board of Trade, the world's biggest agricultural futures market. The traders have already turned their attention to the fields of the midwest, where new-crop wheat is flourishing and maize plantings, although running behind schedule, are benefitting from a plentiful supply of moisture. Soyabean prices in Chicago were under pressure from rumours of a larger crop

MINOR METALS PRICES

market, min. 99.99 per cent. S

Prices from Metal Bulletin (last week's in brackets). ANTIMONY: European free

market 99.6 per cent, \$ per tonne, in warehouse, 1,640-1,700 BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in ware-

house, 2.30-2.40 (same). CADMIUM: European free market, min. 99.5 per cent. \$ per lb, in warehouse, 0.35-0.45

COBALT: European free market, 99.5 per cent. \$ per lb,

Open Interest

Total delty turnover 32,684 lots

(Prices supplied by Amalgamated Metal Tracing)

in warehouse, 14.60-15.15 (14.70-MERCURY: European free

per 76 lb flask, in warehouse, 120-140 (same). MOLYBDENUM: European free market, drummed molybdic oxide, \$ per lb Mo, in ware-

house, 2.20-2.25 (same).

SELENIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 4.70-5.40

TUNGSTEN ORE: European free market, standard min. 65

HEATING OIL 42,000 US gells, cents/US galls

Previous High/Low

Latest

per cent, \$ per tonne unit (10 kg) WO., cif, 28-41 (31-43). VANADIUM: European free

market. min. 98 per cent, \$ a lb

URANIUM: Nuexco exchange value, \$ per lb. U₃O₆, 7.45 (same). LIKE WAREHOUSE STOCKS

V₂O₆, cif, 1.45-1.55 (same).

Aluminum	+6,875	to 1.781.500
Copper	+3,950	to 392,325
Leed	+1,400	10 249,500
Nickel	+1,512	to 89, 810
Zinc	-5,125	to 636,800
7kn	-195	to 20.350

589/0 590/4 591/0 590/0 592/2 599/0 605/4 609/4

20.97 21.10 21.24 21.35 21.55

185.9 186.7 187.2 187.6 187.8 188.7

227/0 230/2 284/4 238/6 245/2 249/6 253/0 248/6

345/0 291/0 293/4 305/2 310/4 310/0

74,400 74,000 74,875

52,100

50.600 48.275 42.950 43.950 44.050 42.700

42.300 42.875 40.675 40.900

Chicago

MARKET REPORT GOLD was fixed at a fresh

nine-month high of \$356.15 a troy ounce on the London bullion market in the afternoon. After quiet morning, the market rebounded when US investment funds took advantage of a weaker US dollar to by gold on Comex. However, profit taking emerged, and London closed at \$354.70, down \$1.05. At midday Comex prices were mixed. "The markets are overbought. We took them as high as they could go before bumping into resistance," said one New York analyst. COPPER trading was erratic on the LME, with the market falling to fresh session lows

London Markets

Cruste oil (per barrel FOSIME	W) .	+ 07 -
Dubai	\$16,46-6.55	-0.08
Brent Blend (dated)	\$18.89-8.93	
Brent Blend (Jun)	\$19.11-9.15	
W.T.I.(1 pm est)	\$20,47-0.51u	-0.08
Oil products (NWE prompt delivery per to	nne CIF	+ or -
Premium Gesoline	\$213-215	
Gas Of	\$183-184	· _
Heavy Fuel Of	\$77-78	-0.5
Naphtha	\$184-185	
Petroleum Argus Estimates		
Other		+ OF :
Gold (per troy oz)	\$354.70	-1.06
Silver (per tray ozi-	427.5c	-8.0
Platinum (per troy oz)	. \$377.0	-0.5
Palladium (per troy oz)	\$115.75	-3.6
Copper (US Producer)	89.0c	+0.5
Lead (US Producer)	34.69¢	÷1.13
Tin (Kuela Lumpur market)	14.09r	-0.02
Tin (New York)		-0.5
Zinc (US Prime Western)	82.0c	
 -	137.4 6 p	+2.00
	134.28p	2.50
Sheep (ilve weight)† Pigs (ilve weight)†	87.980	-1.28
- 40 (10) 110)	\$304.20	-9.9-
	5298.0	8.0
London daily augar (white)		-7.0
Tate and Lyle export price	£305.50	-7.5
Starley (English 1994)	Uniq	. •
Make (US No. 5 yellow)	2164.5	•
Wheel (US Dark Northern)	Unq ·	
Purbler sours	56.50p	
Ficher sice♥	56.75p	
Public (G. RSS No 1 May)	210.0m	
		-5.0
Coconut oli (Philippinesi§	\$402.5y	-0,0
Point Oil (Malavalen)§	\$377.5U	

-2.5

-0.75

in the afternoon before recovering some of the losses. Dealers said losses in New York were instrumental in pushing three-month metal below \$1,850 a tonne against a background of poor US economic leading indicators data. Comex copper futures touched lifetime lows mid-morning. London's robusta COFFEE futures finished with losses of up to \$17 a tonne as prices in New York arabica futures tumbled on widespread profit taking. The New York trade was expecting a decrease in US certified stocks, which increased

SUGAL	- Londa	FOX	(5 per tonne
White	Close	Previous	High/Low
Áug	302.90	313.00	308.00 302.10
Oct	294.00	299.50	224,50 290.00
Mar	292.70		292.00 288.50
	100 MCM	Davis William	(FFr per tonne):

CHUDE O	L - IPK		. s/t
· .	Ladest	Previous	High/Low
tian	19.14	19.15	19.25 19.10
	19.14	19,14	19.24 19.10
\wa	19.18	19.19	19.29 19.15
300	19.23	19.23	19.30 19.23
)ct	19.28	19.24	19.33 19.24
lov.	19.27	19.27	19.32 19.26
ec .	19.26	19.23	19.33 19,26
PE Index.	19.18	19.00	

GAS (ML – IPR		•	S/tonn
<u> </u>	Close	Previous	High/Low	
May	179,75	. 180.25	183.50 179.2	
okan ∶	177.25	177,50	180.00 177.0	0
- اسلا	177.00	. 176.75	178.75 178.5	0_
AUG	178.25	177.75	179.75 177.7	5
Sep	179,00	178.50	180.50 179.0	0
Oct	182.25	181.75	182.25	
Nov	183.50	183.75	183,50 '	
Dec	185.25	185.25	185.25	

JUTE C and F Dundes; BTC 53 \$315, BWD \$335, C and F BWD \$330, BTD \$305, BV	Villentials: PTC 5720"
COTTON Liverpool-Spot and ships to 176 tonnes for the wasperset rill in the provio- demand brought moderate CJ.S descriptions. West A growths made some head	eek ended so April purchases mainly in inform and American

Tumover 15417 (24883) lots of 100 to

	000			
May	862	5 61	865 658	
	681	584	686 680	
Sep	694	696	699 694	
Dec	715 -	718	716 715	
Mar	733	736	736 733	
May	748	750	747	
Sep	776	<i>1777</i> .	778	
Dec	799		798 797	
Mar	820	822	820	
T	w 2760 €	944) lots of	70 terese	_
	a. oros (s	MARKE (STATE)	per tonne). D	
for Arr	30 718 95	719.36 10	day average	7
	.68 (718.63			
		•		
				_
COFFE	E - Lond			5
	Close	Previous	High/Low	
May	880	897	905 880	
Jul	- 889	904	908 888	
Вер	892	904	906 860	
Nov	904	914	914 902	
Jan .	911	917	917 912	
Turnovi CO inc	Scator pric		5 tonnes ts per pound 15 day aven	
Turnove GO inc 30: Cor 51.20)	dicetor pric mp. clasily S	245 (LIS cent 5.35 (54.10)	la per pound	
Turnove GO inc 30: Cor 51.20)	Scator pric mp. daily 5	es (LIS cent 6.36 (54.10) edea FOX	ts per pound 15 day avera	
Turnove GO inc 30: Cor 51.20)	dicator pric mp. daily 5	245 (LIS cent 5.35 (54.10)	la per pound	90
Turnove CO inc 30: Cor 51.20)	Scator pric mp. daily 5	es (LIS cent 6.36 (54.10) edea FOX	ts per pound 15 day avera	-90
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Turnovi CO inc 90: Cor 51.20) POTAT	Goese 45.0 ar 127 (91)	es (15 cen 5.35 (54.10) pelos POX Previous 47.0	his per pound 15 day aven High/Low 45.0	- E
Turnovi CO inc 90: Cor 51.20) POTAT	Goese 45.0 ar 127 (91)	ces (LIS cent 6.35 (54.10) pedem FOX Previous 47.0	High/Low 45.0	99
Turnow CO inc S0: Con S1:20) POTAT May	Cose 45.0 ar 127 (91)	cen (LIS cent 5.35 (54.10) prodom POX Previous 47.0	his per pound 15 day aven High/Low 45.0	99
Turnow CO inc S0: Con S1:20) POTAT May	Cose 45.0 ar 127 (91)	cen (LIS cent 5.35 (54.10) prodom POX Previous 47.0	High/Low 45.0	99
Turnovi CO into S0: Con S1.20) POTAT May Turnovi	FORS - Le Close 45.0 ar 127 (91)	cen (LIS cent 5.35 (54.10) prodom POX Previous 47.0	High/Low High/Low High/Low	- E
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Furnovi CO inc S1.20) POTAT Many Furnovi	FORES - Lo Close 45.0 ar 127 (91) FERAL - Lo Close - 0 (0) lot Close	periods of 20 tons and FOX Previous 47.0 lots of 20 tons periods and on FOX Previous tons of 20 tons and on FOX Previous tons FOX Previous 1517 1415	High/Low 45.0 High/Low 45.0 High/Low 1545 1530 1436 1420	£

PRESIDE	CT Loss	lon FOX	\$10/Index
	Cicse	Previous	High/Low .
May	1540	1517	1545 1530
جهيل	.7495	1415	1435 1420
Jul _	1300	1284	1304 1290
Oct .	1390	1380	1390
8F1	1857	1654	
Turnove	r 411 (210)	
ORASK	s Londo	e FOX	. 5
Wheat	Close	Previous	High/Low
May	144.25		144.25 143.40
Jun	145.10		145.10 144.70
Nov	110.50	110.90	110.75 110.50
jen	113.50		.113.50
Mer	115.00		116.00
May	118.75		118.75
Barley	Çiose	Previous	High/Low
May	138.25	138.75	138,25
Turnove		07 (5), Bari 00 Tonnes.	ey 16 (11). Cash Settlement
	Close	Previous	High/Low
Merv	113.5	113.0	113.0

Casn 1120.3- 3 months 1149-9.		1137-	37.5	1149.5/114		23.5-9.U 47-7.5	1148-9	178	9,893 lots
Copper, Grade A (E									59,560 lots
Cash 1163.5-		1189-	90	1175/1173.	5 11	75-6.5			
3 months 1184-5	_	1209-		1194,5/118		94.5-5.0	1190-1	18	1,300 lots
Leed (£ per tonne)							Total o	iaily tumov	ver 3,593 lots
Cash 264.5-6		261.5			26	3.75-4.25	****		
3 months 274.5-5.	.0	271-7	2	274.5-272	27	3.75-4.0	274-4.5		577 lots
Mickel (5 per tonne)							Total o	and trumos	er 8,529 lots
Cash 5965-75 3 months 6030-40		5935- 6000-		6010/8060		55-7 25-30	6020-5	48.	213 lots
									over 824 lots
Tin (\$ per tonne) Cash 5580-5		5545-	55	5565	EE.	65-70	1048	y (0-11	
Cash 5580-5 3 months 5620-2		5605		5845/5820		25-30	5620-5	9,0	85 lots
Zinc, Special High (P eterá	per k	nne)		-		Total c	tally turnov	er 8,383 lots
Cash 1008.5-	7.5	1007-	06		10	04.5-5.0			
3 months 1026-6.		1025-	26	1028/1024	10	24-5	1026-7	<u> 55,</u>	905 lots
LME Closing C/S 78	ener ,	2	hs: 1.56	110	e	onths: 1.5	510	9 m	onths. 1.5408
SPOT; 1.5715		3 1112-1	10. 1.0.						
		_							
LONDON BULLION Prices supplied by	N BERRY	uiti Kinschi	dì		Ne	w Y	ork		
			echne				_		
Gold (troy cz) \$ prk	_	_			COLD	100 troy (02.; \$/troy 02	<u> </u>	
Close 364.5 Opening 353.3	0-854.9 0-353.7	5				Ciose	Previous	High/Low	
Morning fix 353.4	0	2	24,823		Jun	365.7	355.3	358.3	354.3
Alternoon for 356.1	5 0-357.3		26.343		Aug	357.1	355.7	359.5	355.6
	U-357.3 O-354.3			•	Oct	358.5 359.9	358.1 359.5	\$60.5 362.5	357.A 358.5
Loco Lan Mean Go			stee (V	ust.	Feb	381.4	381.0	363.1	380.5
		6 mon		2.32			oy az, \$/troj	02.	
2 months 2	41	12 ma		2.31		Close	Previous	High/Low	
	39								
Silver fix p/troy	œ	ī	/S ctar	edna.	Jul Oct	377.3 375.8	386.6 385.8	381.5 380.5	370.5 372.0
Spot 271.3	5		27.40		Jan	375.0	385.0	381.0	373.0
3 months 275.3			80,45		Apr	374.7	384,7	378.5	378.5
6 months 279.5 12 months 287.9	5 6		94.05 141.25		ŞELVE	R 5,000 tn	oy oz, centa/	Troy 02.	
12 mgmmy 20/3	_	•	~:20			Close	Previous	High/Low	
201 P. 00000									422,5
GOLD COSSES		.			May	426.6 427.8	429.0 430.2	432.0 433.0	422.5 427.0
	rice		2 equiv	asent	jun Tul	429.2	431.7	436.0	423.0
	356		224,00	227.00	Sep	432.0	434.5	439.0	426.0
	.40-367			200	Dec	436.1	438.6	443.0	429.0
New Sovereign: 83.	0.38-00	٠,	53.00-5		Jan	436.6 440.5	439.1 443.0	0 448.0	0 435.0
		<u> </u>			Mar May	440.5 443.4	445.7	447.5	443.5
TRADED OPTIONS					Jul	446.7	449.2	452.0	448.5
Aluminium (99.7%)	C	ade .	• 1	Puts	Sep	450.1	452,6	0	0
Strike price \$ tonne	Jun	Sep	Jun	Sep	HIGH	RADE C	OPPER 25,0	00 lbs; can	ts/fbs
1075	65	93	2	8			Previous	High/Low	
1100	44		: 6	14		Close			
1125	27	57	14	21	May	81.15	82.65 82.65	82.85 82.25	81.00 81.35
Copper (Grade A)		200		Puts	Jun	81.40 81.70	83.05 83.40	83.50	81.50
					Jul Aug	82.05	83.75	0	0
1800 1850	67 41	113 87	27 50	53 78	Sep	82.40	84.10	84.20	82.30
1900	22	64	81	103	Oct	82.70	84.40	0	0
					Nev	83.05	84.76 85.10	84.70 85.00	84,70 83,50
Coffee	Jul	8ep	Jul	Sep	Dec	83.35 83.60	85.10 85.35	85.35	85.50 86.00
		-			Jan Feb	83.85	85.60	85.60	85.60
850 800	61 34	81 55,	22 45	40 64					
800 950	18	38 -	45 79	54 79	CRUC		htt 42,000 U		
						Latest	Previous	High/Low	!
Cocca	Jul.	Sep	Jul	Sep	Jun	20.48	20.57	20.66	20.41
700	15	33	38	34	العاد أشار	20.56	20.72	20.80	20.60
725	8	24	47	52	Aug	20.77	20.82	20.99	20.71
750	4	17	59	73	Sep	20.82	20.86	20.02	20.79
		<u> </u>	<u>. </u>		Oct	20.83	20.87	20.91	20.81
Brent Crude	Jun	ᆁ	Jun	Jul	Nov	20.82 20.82	20.88 20.87	20.81 20.88	20.81 20.76
1850	71	60	2	6	Dec Jan	20.82	20.85	20.86	20.80
1900	25	22	10	15	Feit	20.74	20.83	20.83	20.74
1950	8	11	39	44		00.00	20.00	00.00	00.00

Jun	55.85	55.88	5B.45	55.BO		Close	Previous	High/Low
Jed	56.35	58,40	56.90	56.25				
Aug	58.90	57.00	57.50	58.90	May	589/6	591/6	591/4
Sep	57.90	58.00	58.30	57.90	Jul	591/2	594/0	593/2
Oct	58.75	58.95	59.15	58.75	Aug	591/4	594/2	593/6
Nov	59.85	58.85	59.85	59.80	Sep	590/2	593/6	593/0
Dec	60.75	60.70	61.10	60.70	Nov	592/6	596/2	595/4
Jen	61.15	61.15	61.15	61.15	Jan	599/4	603/4	602/0
Feb		60.90	61.15	81.15	Mar	60670	610/0	608/0
	81.15	59.50	59.70	59.70	May	609/4	612/4	611/0
Mar	58.70	39.30	38.70	35.70	- SOVA	REAN OIL	60,000 fbs; c	ents/lb
COCO	4 10 tonna	es;\$/tonnes						
					-	Close	Previous	High/Low
	Close	Previous	High/Low		May	20,81	20.92	20.95
Mey	901	900	903	901	_ Jul	21.01	21.15	21.17
Jul	931	936	938	930	Aug	21.12	21,26	21.26
		961	963	950 950	Sep	21.24	21.37	21.37
Sep	959		999	995	Oct	21.35	21,47	21.48
Dec	997	1000 1035	1029	1025	Dec	21.59	21.71	21.74
Mar	1027		1056	1056	Jan	21.65	21.80	21.78
May	1053	1981			Mar	21.87	21.96	21.95
Jul	1070	1078	0	0			1 100	
Sep	1095	1103	0	0	SOYA	BEAN MEA	L 100 tons;	S/TON
Dec	1128	1133	0	0		Close	Previous	High/Low
Mar	1181	1186	0	0	- =	107.1	186.8	- _
00	E -90- 37	500fbs; cen	19/106		- Mary	187.1		187.2
					- Jul	187.8	187.7	187.8
	Close	Previous	High/Low		Aug Sep	187.7 188.0	188.7 188.6	187.9 188.4
		20.40	62.20	58.00	- oct	188.3	188.7	188.4
May	58.05	63.10			Dec	189.2	189,7	189.6
Jul	58.90	64.15	63.10	58.75	Jan	189.5	190.D	0
Sep	60.55	65.85	64.60	60.50	Mar	190.6	190.6	190.8
Dec	63.50	68.10	67.05	63.30				
Mer	65.70	70.65	69.10	66.00	MAIZE	5.000 bu r	nin; cents/66	ib bushal
May	67.20	72.20	71.20	67.20		Close	Previous	High/Low
ᆒ	69.00	73.75	72.75	69.00				
Sep	70.80	75.25	74.75	74.75	May	227/6	228/6	229/2
RIGAR	WORLD.	917 1120	OC 10s; cents	/lbs	Jul	231/0	233/2	233/2
					Sap	235/2	237/2	237/2
	Close	Previous	High/Law		Dec - Mer	239/2 245/6	241/6 248/2	241/2 247/2
=		12.30	12.38	12.04	- Mer Mey	249/6	252/4	252/0
3u	12.14		12.03	11.68	Jul	253/4	256/0	254/4
Oct	11.91	11 79			Dec	249/0	251/0	251/0
Mar	11.15	11.12	11.30	10.99	<u> </u>	2430	20170	<i>2110</i>
May	11.07	11,05	11.15	10.92	WHEA	T 5,000 bu	min; cents/6	Oto-bushel
Jui	11.08	17 05	11.05	11.03	. —	Class		LSabil and
20110	N 50 000	cente/lbs		•		Close	Previous	High/Low
			_		- May	350/4	347/4	351/4
	Close	Previous	High/Low		Jul	291/2	286/6	296/4
								2004
					Sep	294/4	300/0	299/4
May	58.50	59.10	58.70	58.50	"Sep Dec	294/4 305/4		
Jul	59.84	80.10	60.50	59.80	Dec	305/4	310/4	310/0
Jul Oct	59.84 60.71	60.10 61.26	60.50 61.33	59.80 60.70		305/4 310/4		310/0 316/0
Jul	59.84	80.10	60.50	59.80	Dec Mer Jul	305/4 310/4 310/0	310/4 315/0 313/4	310/0 315/0 313/4
Jul Oct	59.84 60.71	60.10 61.26	60.50 61.33	59.80 60.70	Dec Mer Jul	305/4 310/4 310/0	310/4 316/0	310/0 315/0 313/4
Jul Oct Dec Mar	59.84 60.71 60.57 61.50	60.10 61.26 60.65	60.50 61.33 60.75	59.80 60.70 60.20	Dec Mer Jul	305/4 310/4 310/0 ATTLE 40,	310/4 315/0 313/4 000 lbs; cent	310/0 315/0 313/4 s/fbs
Jul Oct Dec Mar May	59.84 60.71 60.87 61.50 62.15	60.10 61.26 60.65 61.78 62.40	60.50 61.33 60.75 61.80 82.40	59.80 60.70 <i>60.20</i> 61.40 62.15	Dec Mer Jul	305/4 310/4 310/0	310/4 315/0 313/4	310/0 315/0 313/4
Jul Oct Dec May Jul	59.84 60.71 60.87 61.50 62.15 62.80	60.10 61.26 60.65 61.78 62.40 62.90	60.50 61.33 60.75 61.80 62.40 62.87	59.80 60.70 80.20 61.40 62.15 62.77	Dec Mer Jul	305/4 310/4 310/0 ATTLE 40,	310/4 315/0 313/4 000 lbs; cent	310/0 315/0 313/4 s/fbs
Jul Oct Dec Mar May	59.84 60.71 60.87 61.50 62.15	60.10 61.26 60.65 61.78 62.40	60.50 61.33 60.75 61.80 82.40	59.80 60.70 <i>60.20</i> 61.40 62.15	Dec Mer Jul LIVE C	305/4 310/4 310/0 ATTLE 46/	310/4 315/0 313/4 000 lbs; cent Previous	310/0 315/0 313/4 s/fbs High/Low
Jul Oct Dec Mar May Jul Oct	59.84 60.71 60.57 61.50 62.15 62.80 62.65	60.10 61.26 60.65 61.78 62.40 62.90	60.50 61.33 60.75 61.80 62.40 62.87 0	59.80 60.70 80.20 61.40 62.15 62.77	Dec Mar Jul LIVE C	305/4 310/4 310/0 ATTLE 46/ Close 76,875	910/4 915/0 913/4 000 lbs; cent Previous 77,225	310/0 315/0 313/4 s/fbs High/Low
Jul Oct Dec Mar May Jul Oct	59.84 60.71 60.87 61.50 62.15 62.80 62.65	80.10 61.26 60.85 61.78 62.40 62.90 62.90 15,000 lbs;	60.50 61.33 60.75 61.80 62.40 62.87 0	59.80 60.70 80.20 61.40 62.15 62.77	Dec Mer Jul LIVE C	305/4 310/4 310/0 ATTLE 46, Close 76,875 73,925	\$10/4 \$15/0 \$19/4 000 lbs; cent Previous 77.225 73.925 74.400	310/0 315/0 313/4 s/bs High/Low 77.300 74.250
Jul Oct Dec Mar May Jul Oct	59.84 60.71 60.57 61.50 62.15 62.80 62.65	60.10 61.26 60.65 61.78 62.40 62.90	60.50 61.33 60.75 61.80 62.40 62.87 0	59.80 60.70 80.20 61.40 62.15 62.77	Dec Mer Jul LIVE C Jun - Aug Oct	305/4 310/4 310/0 ATTLE 46, Close 76,975 73,925 74,300	310/4 315/0 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.700	310/0 915/0 313/4 s/fbs High/Low 77.300 74.250 74 550
Jul Oct Dec Mar May Jul Oct	59.84 60.71 60.87 61.50 62.15 62.80 62.65 E JURCE Close	60.10 61.26 60.85 61.78 62.40 62.90 62.90 15,000 lbs;	60.50 61.33 60.75 61.80 62.40 62.87 0 cents/fbs	59.80 60.70 <i>80.20</i> 61.40 62.15 82.77 0	Jul LIVE C Jun Jun Aun Oct Dec Feb	305/4 310/4 310/0 ATTLE 46, Close 76,875 73,925 74,300 74,550	310/4 315/0 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.700 74.075	310/0 315/0 313/4 s/be High/Low 77.300 74.250 74.900
Jul Oct Dec May Jul Oct ORANG	59.84 60.71 60.87 61.50 62.15 62.80 62.65 E JURCE Closs 91.50	60.10 61.26 60.85 61.78 62.40 62.90 62.90 15,000 lbs; Previous	60.50 61.33 60.75 61.80 62.40 62.87 0 cants/fbs High/Low	59.80 60.70 60.20 61.40 62.15 62.77 0	Jul LIVE C Jul Jun Aug Cet Dec Feb Apr	305/4 310/4 310/0 ATTLE 40, Close 76.875 73.925 74.900 74.550 74.025 74.975	310/4 315/0 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.700 74.075 75.075	310/0 315/0 313/4 s/bs High/Low 77,300 74,250 74,900 74,500
Jul Oct Dec Mer May Jul Oct ORANG	59.84 60.71 60.57 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25	80.10 81.26 60.85 61.78 62.40 82.90 62.90 15,000 lbs; Previous 98.25 89.40	60.50 61.33 60.75 61.80 62.40 62.87 0 cents/fbs High/Low 91.80 94.75	59.80 60.70 80.20 61.40 62.15 82.77 0	Jun - Aug Oct - Peb Apr Jun	305/4 310/4 310/0 ATTLE 40/ Close 76,975 73,925 74,300 74,560 74,025 74,975 72,160	310/4 315/0 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.700 74.075 75.075 72.400	310/0 315/0 313/4 s/hs High/Low 77.300 74.250 74.500 74.500 75.200 72.550
Jul Oct Dec Mer May Jul Oct CRANG	59.84 60.71 60.87 61.50 62.15 62.80 62.65 E JURCE Closs 91.50	80.10 81.26 60.85 81.78 62.40 62.90 62.90 15,000 lbs; Previous 98.25 89.40 92.50	60.50 61.33 60.75 61.80 62.40 62.87 0 cants/fbs HighyLow 91.80 94.75 97.50	59.80 60.70 80.20 61.40 62.15 62.77 0 87.50 90.00 93.60	Jun - Aug Oct - Peb Apr Jun	305/4 310/4 310/0 ATTLE 40/ Close 76,975 73,925 74,300 74,560 74,025 74,975 72,160	310/4 315/0 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.700 74.075 75.075	310/0 315/0 313/4 s/hs High/Low 77.300 74.250 74.500 74.500 75.200 72.550
Jul Oct Dec Mer May Jul Oct ORANG	59.84 60.71 60.57 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25	80.10 81.26 60.85 61.78 62.40 82.90 62.90 15,000 lbs; Previous 98.25 89.40	60.50 61.33 60.75 61.80 62.40 62.87 0 cents/fbs High/Low 91.80 94.75	59.80 60.70 60.20 61.40 62.15 82.77 0 87.50 90.00 83.60 97.20	Jun - Aug Oct - Peb Apr Jun	305/4 310/4 310/0 ATTLE 40, Close 76.975 73.925 74.390 74.550 74.025 74.975 72.150	310/4 315/4 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.700 74.075 75.075 72.400 0 lb; cents/ib	310/0 315/0 313/4 s/bs High/Low 77.300 74.250 74.500 74.500 75.200 72.550
Jul Oct Dec Mer May Jul Oct CRANG	59.84 60.71 60.57 61.50 62.15 62.65 E JUICE Closs 91.50 94.25 97.25	80.10 81.26 60.85 81.78 62.40 62.90 62.90 15,000 lbs; Previous 98.25 89.40 92.50	60.50 61.33 60.75 61.80 62.40 62.87 0 cants/fbs HighyLow 91.80 94.75 97.50	59.80 60.70 80.20 61.40 62.15 62.77 0 87.50 90.00 93.60	Jun - Aug Oct - Peb Apr Jun	305/4 310/4 310/4 310/4 310/4 310/4 310/4 76.875 71.825 74.900 74.025 74.975 72.150 00G\$ 40.00	310/4 315/0 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.700 74.075 75.075 72.400	310/0 315/0 313/4 s/hs High/Low 77.300 74.250 74.500 74.500 75.200 72.550
Jul Oct Dec Mer May Jul Oct ORANG May Jul Sep Nov Jen	59.84 60.71 60.37 61.50 62.65 62.65 62.65 E JUICE Closs 91.50 94.25 97.25 99.55 102.65	60.10 61.26 60.65 61.78 62.40 62.90 62.90 15,000 lbs; Previous 88.25 89.40 98.25 98.25 98.25	60.50 61.83 60.75 61.80 62.40 62.87 0 cants/bs High/Low 91.80 94.75 97.50 100.00 103.00	59.80 60.70 60.20 61.40 62.15 62.77 0 87.50 93.60 97.20 99.00	Dec Mar Jul LIVE C C C C C C C C C C C C C C C C C C C	305/4 310/4 310/0 ATTLE 40, Close 76.975 73.925 74.390 74.550 74.025 74.975 72.150	310/4 315/0 315/4 000 lbs; cent 77.225 73.925 74.400 74.700 74.075 75.075 72.400 0 lb; cents/lb	310/0 315/0 313/4 s/fbs High/Low 77.300 74.250 74.500 75.200 72.550 S
Jul Oct Dec May Jul Oct ORANG May Jul Sep Nov Jen Mar	59.84 80.71 60.37 62.15 62.80 62.65 E JUICE Close 91.50 94.25 97.25 99.55 102.65 104.05	60.10 61.26 61.26 61.78 62.40 62.90 62.90 15,000 lbs; Previous 88.25 89.40 92.50 93.25 100.00	60.50 61.33 61.75 61.90 62.40 62.87 0 cants/fbs High/Low 91.80 94.75 97.50 100.00 0	59.80 60.70 61.40 62.15 62.77 0 87.50 90.00 93.60 93.00 0	Jun - Aug Oct - Peb Apr Jun	305/4 310/4 310/4 310/4 310/4 310/4 76.875 73.925 74.300 74.525 74.975 72.160 0G\$ 40.00 Close 52.560	310/4 315/4 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.700 74.075 75.075 72.400 0 lb; cents/ib	310/0 315/0 313/4 s/bs High/Low 77.300 74.250 74.500 74.500 75.200 72.550
Jul Oct Dec Mer May Jul Oct ORANG May Jul Sep Nov Jen Mer Mer	59.84 60.71 60.57 62.15 62.80 62.65 E JUICE Closs 91.50 94.25 97.25 102.65 104.05	80.10 61.26 60.85 61.78 62.40 62.90 62.90 15,000 lbs; Previous 88.25 98.25 98.25 98.25 98.25 98.25 98.20 100.00	60.50 61.33 60.75 61.90 62.40 0 cents/lbs High/Low 91.80 94.75 97.50 100.00 0	59.80 60.70 61.40 62.15 62.77 0 87.50 99.00 93.60 97.20 93.00 0	Dec Mar Jul LIVE C Jul LIVE C LIVE C LIVE H Jun Jul Jul LIVE H	305/4 310/4	310/4 315/0 313/4 000 lbs; cent Previous 77.225 74.400 74.075 75.075 72.400 0 lb; cents/lb Previous 52.600 51.025	310/0 315/0 315/4 s/fbs High/Low 77.300 74.250 74.500 74.500 75.200 72.550 High/Low 53.300 51.400
Jul Oct Dec Mer May Jul Oct ORANG May Jul Sep Nov Jen Mer Mey Jul	59.84 80.71 60.57 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25 97.25 99.55 104.05 104.05	80.10 61.26 60.85 61.78 62.40 62.90 15,000 lbs: Previous 88.25 89.40 95.25 98.25 98.25 100.00 100.00	60.50 61.53 60.75 61.90 62.40 62.87 0 conts/bs High/Low 91.75 94.75 97.50 100.00 103.00 0	59.80 60.70 61.40 62.15 62.77 0 87.50 97.20 99.00 0 0	Dec Mer Jul Jun - Aug Oet - Peb Apr Jun Jun - Aug Apr Jun Jun Aug Aug Apr Jun Aug Aug Aug	305/4 310/4	310/4 315/4 315/4 000 lbs; cent 77.225 73.925 74.400 74.075 75.075 72.400 0 lb; cents/lb Previous 52.600 51.025 48.575	310/0 315/0 315/0 313/4 3/fbs High/Low 77.300 74.500 74.500 75.200 75.200 75.500 s High/Low 53.300 51.400 48,925
Jul Oct Dec Mer May Jul Oct ORANG May Jul Sep Nov Jen Mer Mer	59.84 60.71 60.57 62.15 62.80 62.65 E JUICE Closs 91.50 94.25 97.25 102.65 104.05	80.10 61.26 60.85 61.78 62.40 62.90 62.90 15,000 lbs; Previous 88.25 98.25 98.25 98.25 98.25 98.25 98.20 100.00	60.50 61.33 60.75 61.90 62.40 0 cents/lbs High/Low 91.80 94.75 97.50 100.00 0	59.80 60.70 61.40 62.15 62.77 0 87.50 99.00 93.60 97.20 93.00 0	Dec Mar Jul LIVE C C C C C C C C C C C C C C C C C C C	305/4 310/4 310/4 310/4 310/4 310/4 76.875 73.925 74.925 74.925 74.975 72.150 OG\$ 40.00 51.059 48.575 43.150	310/4 315/4 315/4 000 lbs; cent 77,225 73,925 74,400 74,075 75,075 72,400 0 lb; cents/lb Previous 52,600 51,025 48,575 48,075	310/0 315/0 315/4 5/hs High/Low 77.300 74.500 74.500 75.200 75.200 75.200 8 High/Low 53.300 51.400 48.925
Jul Oct Dec Mer May Jul Oct ORANG May Jul Sep Nov Jen Mer Mey Jul	59.84 80.71 60.57 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25 97.25 99.55 104.05 104.05	80.10 61.26 60.85 61.78 62.40 62.90 15,000 lbs: Previous 88.25 89.40 95.25 98.25 98.25 100.00 100.00	60.50 61.53 60.75 61.90 62.40 62.87 0 conts/bs High/Low 91.75 94.75 97.50 100.00 103.00 0	59.80 60.70 61.40 62.15 62.77 0 87.50 97.20 99.00 0 0	Dec Merry Jul LIVE C C LIVE C C C C C C C C C C C C C C C C C C C	305/4 310/0 ATTLE 40, Close 76.875 73.925 74.500 74.500 74.025 74.975 72.160 0G\$ 40.00 51.050 49.575 43.150 44.150	310/4 315/4 315/4 000 lbs; cent Previous 77.225 74.400 74.075 75.075 72.400 0 lb; cents/lb Previous 52.600 51.025 48.575 43.075 44.050	310/0 315/0 315/4 5/bs High/Low 77.300 74.250 74.500 74.500 75.200 72.550 High/Low 53.300 48,925 43.325
Jul Oct Dec May Jul Oct ORANG May Jul Sep Nov Jen Mar May Jul Sep	59.84 60.71 61.50 62.15 62.80 62.65 E JUICE Closs 91.50 94.25 99.55 102.65 104.05 104.05 104.05	80.10 61.26 60.85 61.78 62.40 62.90 15,000 lbs: Previous 88.25 89.40 95.25 98.25 98.25 100.00 100.00	60.50 61.53 60.75 61.90 62.40 62.87 0 conts/bs High/Low 91.75 94.75 97.50 100.00 103.00 0	59.80 60.70 61.40 62.15 62.77 0 87.50 97.20 99.00 0 0	Dec Mer Jul Jun - Aug Oct - Feb Jun Jul Aug Oct - Peb Apr Jun - Jul Aug Oct - Peb Cet - Peb - Apr - Jun - Jul - Aug Oct - Peb	305/4 310/0 ATTLE 40, Close 76.875 73.925 74.300 74.525 74.975 72.150 OGS 40.00 Close 52.550 48.575 43.150 44.150 44.125	310/4 315/4 315/4 000 lbs; cent Previous 77.225 74.400 74.075 75.075 72.400 0 lb; cents/lb Previous 52.600 51.025 48.575 48.075 44.050 44.000	310/0 315/0 315/0 313/4 4/850 74.250 74.250 74.500 74.500 75.200 72.550 8 HighVLow 53.300 51.400 48.925 43.325 44.450
Jul Oct May Jul Oct ORANG May Jul Sep Mar Mar Mar May Jul Sep	59.84 60.71 61.50 62.15 62.15 62.65 E JUICE Closs 91.50 94.25 97.25 99.55 104.05 104.05 104.05	80.10 61.26 60.85 61.73 62.90 62.90 62.90 15,000 lbs; Previous 88.25 88.40 92.50 85.25 100.00 100.00 100.00	60.50 61.33 63.75 61.80 62.40 0 0 cents/bs High/Low 91.80 94.75 97.50 100.00 0 0	59.80 60.70 61.40 62.15 62.17 0 0 87.50 90.00 93.60 97.20 0 0	Dec Mar Jul LIVE C C C C C C C C C C C C C C C C C C C	305/4 310/0 ATTLE 40, Close 76.875 74.925 74.550 74.025 74.925 74.950 0G\$ 40.00 Close 52.560 51.050 44.150 44.150 44.150	310/4 315/0 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.075 72.400 0 lb; cents/lb Previous 52.600 51.025 48.575 44.050 44.000 42.700	310/0 315/0 315/4 5/bs High/Low 77.300 74.500 74.500 75.200 75.200 8 High/Low 48.925 44.450 44.325 44.450
Jul Oct May Jul Oct ORANG May Jul Sep Mar Mar Mar May Jul Sep	59.84 60.71 61.50 62.15 62.15 62.65 E JUICE Closs 91.50 94.25 97.25 99.55 104.05 104.05 104.05	80.10 61.26 60.85 61.73 62.90 62.90 62.90 15,000 lbs; Previous 88.25 88.40 92.50 85.25 100.00 100.00 100.00	60.50 61.53 60.75 61.90 62.40 62.87 0 conts/bs High/Low 91.75 94.75 97.50 100.00 103.00 0	59.80 60.70 61.40 62.15 62.17 0 0 87.50 90.00 93.60 97.20 0 0	Dec Merror Jul LIVE C Jun Aug Oct - Peb Apr Jun	305/4 310/0 ATTLE 40, Close 76.875 74.925 74.925 74.925 74.925 74.925 72.150 OGS 40.00 Close 52.550 51.950 44.150 44.150 44.150 48.150	319.4 315.0 313.4 000 lbs; cent Previous 77.225 73.925 74.400 74.075 75.075 72.400 0 lb; cents/lb Previous 52.600 51.025 48.575 44.050 44.000 47.800	310/0 315/0 315/4 5/bs High/Low 77,300 74,500 74,500 75,200 75,200 8 High/Low 53,300 51,400 48,925 44,450 44,305 44,305 44,500 43,500 48,500
Jul Oct May Jul Oct ORANG May Jul Sep Mar Mar Mar May Jul Sep	59.84 60.71 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25 97.25 99.55 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 61.73 62.90 62.90 62.90 15,000 lbs; Previous 88.25 89.40 92.50 93.25 100.00 100.00 100.00	60.50 61.33 62.75 61.80 62.40 0 0 cents/bs High/Low 91.80 94.75 97.50 100.00 0 0	59.80 60.70 61.40 62.15 62.17 0 87.50 90.00 93.60 97.20 0 0 0	Dec Merror Jul LIVE C Jun Aug Oct - Peb Apr Jun	305/4 310/0 ATTLE 40, Close 76.875 74.925 74.925 74.925 74.925 74.925 72.150 OGS 40.00 Close 52.550 51.950 44.150 44.150 44.150 48.150	310/4 315/0 313/4 000 lbs; cent Previous 77.225 73.925 74.400 74.075 72.400 0 lb; cents/lb Previous 52.600 51.025 48.575 44.050 44.000 42.700	310/0 315/0 315/4 5/bs High/Low 77,300 74,500 74,500 75,200 75,200 8 High/Low 53,300 51,400 48,925 44,450 44,305 44,305 44,500 43,500 48,500
Jul Oct May Jul Oct ORANG May Jul Sep Mar Mar Mar May Jul Sep	59.84 60.77 61.50 62.15 62.16 62.65 E JUICE Close 91.50 91.50 91.50 97.25 99.25 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 61.73 62.90 62.90 62.90 15,000 lbs; Previous 88.25 88.40 92.50 85.25 100.00 100.00 100.00 100.00	60.50 61.33 62.75 61.80 62.40 0 0 cents/bs High/Low 91.80 94.75 97.50 100.00 0 0	59.80 60.70 61.40 62.15 62.17 0 87.50 90.00 93.50 97.20 99.00 0 0 0	Dec Merror Jul LIVE C Jun Aug Oct - Peb Apr Jun	305/4 310/4 310/4 310/4 310/4 310/4 76.875 72.925 74.925 74.975 72.150 GGS 40.00 51.050 51.050 48.575 43.150 44.125 42.900 48.150 88.LIES 4	310/4 315/4 315/4 000 lbs; cent 77.225 73.925 74.400 74.075 75.075 72.400 0 lb; cents/lb Previous 52.600 51.025 48.575 48.075 44.050 42.700 47.800	310/0 315/0 315/3 373/4 370s High/Low 77.300 74.500 75.200 72.550 s High/Low 53.300 51.400 48.925 43.325 44.430 43.050 48.500
Jul Oct May Jul Oct ORANG May Jul Sep Mar Mar Mar May Jul Sep	59.84 60.71 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25 97.25 99.55 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 61.73 62.90 62.90 62.90 15,000 lbs; Previous 88.25 89.40 92.50 93.25 100.00 100.00 100.00	60.50 61.33 62.75 61.80 62.40 0 0 cents/bs High/Low 91.80 94.75 97.50 100.00 0 0	59.80 60.70 61.40 62.15 62.17 0 87.50 90.00 93.60 97.20 0 0 0	Dec Merror Jul LIVE C Jun Aug Oct - Peb Apr Jun	305/4 310/0 ATTLE 40, Close 76.875 74.925 74.925 74.925 74.925 74.925 72.150 OGS 40.00 Close 52.550 51.950 44.150 44.150 44.150 48.150	319.4 315.0 313.4 000 lbs; cent Previous 77.225 73.925 74.400 74.075 75.075 72.400 0 lb; cents/lb Previous 52.600 51.025 48.575 44.050 44.000 47.800	310/0 315/0 315/4 5/bs High/Low 77,300 74,500 74,500 75,200 75,200 8 High/Low 53,300 51,400 48,925 44,450 44,305 44,305 44,500 43,500 48,500
Jul Oct Dec Mer May Jul Oct ORANG ORANG Sep New Jul Sep Mer Mer Mey Jul Sep Med Mer Mey Jul Sep Med Mer Mey Jul Sep Med Mey Mey Mer Mey	59.84 60.77 61.50 62.15 62.15 62.65 E JUICE Close 91.50 97.25 99.25 104.05 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 81.73 62.49 62.90 62.90 15,000 lbs; Previous 88.25 88.40 92.50 85.25 98.25 100.00 100.00 100.00 100.00	60.50 61.33 62.75 61.90 62.40 0 0 cents/bs High/Low 94.75 97.50 100.00 0 0 0	59.80 60.70 61.40 62.15 62.17 0 87.50 90.00 93.60 97.20 90.00 0 0 0	Dec Mer Jul Jun - Aug Oct Feb Apr Jun Aug Oct Dec Seb Apr Jun PORK	305/4 310/4 310/4 310/4 Close 76.875 72.925 74.925 74.975 72.150 Close 52.550 51.050 44.150 44.150 44.150 88.LIES 4	310/4 315/4 315/4 000 lbs; cent 77.225 73.925 74.400 74.075 75.075 72.400 0 lb; cents/lb Previous 52.600 51.025 48.575 48.075 44.050 42.700 47.800 0.000 lbs; ce	310/0 315/0 315/0 313/4 5/bs High/Low 77.300 74.500 75.200 75.200 75.200 75.500 8 High/Low 48.925 43.325 44.430 43.050 48.500 High/Low High/Low
Jul Oct Dec Mer May Jul Oct ORANG ORANG Sep New Jul Sep Mer Mer Mey Jul Sep Med Mer Mey Jul Sep Med Mer Mey Jul Sep Med Mey Mey Mer Mey	59.84 60.77 61.50 62.15 62.15 62.65 E JUICE Close 91.50 97.25 99.25 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 81.73 62.49 62.90 62.90 15,000 lbs; Previous 88.25 88.40 92.50 85.25 98.25 100.00 100.00 100.00 100.00 1671.9 8888: Dec.	60.50 61.33 62.75 61.90 62.40 0 0 cents/bs High/Low 94.75 97.50 100.00 0 0 0 0 0 0	59.80 60.70 61.40 62.15 62.17 0 87.50 90.00 93.60 97.20 97.20 0 0 0 0	Dec Merry Jul LIVE C Dec Peb Apr Jun PORK	305/4 310/0 ATTLE 40, Close 76.875 73.925 74.500 74.025 74.025 74.925 72.150 OG\$ 40.00 Close 52.550 51.050 44.150 44.150 44.150 44.150 48.150 88ELLE\$ 4 Close	310,44 315,40 313,44 000 lbs; cent Previous 77,225 73,925 74,400 74,075 75,075 72,400 0 lb; cents/lit Previous 52,600 51,025 44,575 44,000 42,700 47,800 0,000 lbs; ce	310/0 315/0 315/0 313/4 5/bs High/Low 77.300 74.250 74.500 74.500 75.200 75.200 75.200 75.300 85 High/Low 48.925 43.325 44.450 44.305 44.500 44.500 44.500 44.500 44.500
Jul Oct Dec Mer May Jul Oct ORANG ORANG Sep New Jul Sep Mer Mer Mey Jul Sep Med Mer Mey Jul Sep Med Mer Mey Jul Sep Med Mey Mey Mer Mey	59.84 60.77 61.50 62.15 62.15 62.65 E JUICE Close 91.50 97.25 99.25 104.05 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 81.73 62.49 62.90 62.90 15,000 lbs; Previous 88.25 88.40 92.50 85.25 98.25 100.00 100.00 100.00 100.00	60.50 61.33 62.75 61.90 62.40 0 0 cents/bs High/Low 94.75 97.50 100.00 0 0 0	59.80 60.70 61.40 62.15 62.17 0 87.50 90.00 93.50 97.20 97.20 90.00 0 0 0	Dec Merry Jul LIVE C Jul Jul Aug Oct Peb Apr Jul Jul Aug Oct Peb Apr Jul Aug Oct Peb Apr Jul PORK	305/4 310/0 ATTLE 40, Close 76,875 74,925 74,950 74,025 74,975 72,975 72,975 72,975 72,975 74	310/4 315/4 315/4 000 lbs; cent Previous 77,225 74,400 74,075 75,075 72,400 0 lb; cents/lb Previous 62,600 44,575 44,050 44,000 42,700 44,700 44,600 0,000 lbs; ce Previous	310/0 315/0 315/0 313/4 3/705 High/Low 77,300 74,500 74,500 75,200 75,200 75,200 75,200 75,200 75,200 83 High/Low 48,925 43,325 44,350 44,350 44,350 44,350 44,350 44,350 44,350 44,250 44,250 44,250 44,250
Jul Oct Dec Mer May Jul Oct ORANG ORANG Sep New Jul Sep Mer Mer Mey Jul Sep Med Mer Mey Jul Sep Med Mer Mey Jul Sep Med Mey Mey Mer Mey	59.84 60.77 61.50 62.15 62.80 62.65 E JUICE Close 91.50 91.50 91.50 97.25 99.55 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 81.73 62.40 62.90 62.90 15,000 lbs; Previous 88.25 92.50 92.50 93.25 93.25 90.00 100.00 100.00 100.00 1671.9 8888: Dec. Apr.30	60.50 61.33 62.75 61.90 62.40 0 0 cents/bs High/Low 94.75 97.50 100.00 0 0 0 0 0 0	59.80 60.70 61.40 62.15 62.17 0 87.50 90.00 93.60 97.20 97.20 0 0 0 0	Dec Merry July LIVE C Jun Aug Oct Jun Aug	305/4 310/0 ATTLE 40, Close 76.875 72.925 74.925 74.925 74.975 72.150 OGS 40.00 Close 52.550 48.575 43.150 44.125 42.900 48.150 88.LIES 4 Close 42.825 43.175 44.025	310/4 315/4 315/4 000 lbs; cent 77.225 74.400 74.075 75.075 72.400 0 lb; cents/lb Previous 52.600 51.025 44.575 44.050 44.000 42.700 47.800 0.000 lbs; ce Previous 44.100 44.875 44.675	310/0 315/0 315/4 3704 3705 High/Low 77.300 74.500 75.200 75.200 75.200 75.500 8 High/Low 48.925 43.325 44.4300 43.050 48.900 High/Low 42.500 45.000
Jul Oct Dec May May Jul Oct ORANG OCT ORANG May Jul Sep Nov Jen Mar May Jul Sep	59.84 60.71 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25 97.25 99.55 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 61.78 62.40 62.90 62.90 15,000 lbs: Previous 88.25 98.	60.50 61.33 62.75 61.90 62.40 0 0 cents/bs High/Low 91.80 91.75 97.50 100.00 0 0 0 0 0 0 0 0	59.80 60.70 61.40 62.15 62.17 0 87.50 90.00 93.50 97.20 99.00 0 0 0 0 0 0	Dec Merry Jul Jun - Aug Oct - Peb Apr Jun - Aug Oct - Apr Jun - Aug Aug - Apr Jun - Aug - Apr -	305/4 310/0 ATTLE 40, Close 76.875 73.925 74.025 74.025 74.025 74.025 74.025 74.025 74.025 40.00 Close 52.550 51.050 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150	310/4 315/4 315/4 000 lbs; cent Previous 77,225 73,925 74,400 74,075 75,075 72,400 0 lb; cents/lb Previous 62,600 51,025 44,575 44,000 42,700 47,800 0,000 lbs; ce Previous 44,100 44,676 44,676 44,676 44,676 44,675 44,675 44,675 44,675 44,676 44,676 44,676 44,676 44,675	310/0 315/0 315/4 5/bs High/Low 77.300 74.250 74.500 74.500 75.200 75.200 8 High/Low 48.925 43.450 44.350 48.500 High/Low 42.500 42.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500
Jul Oct Dec May May Jul Oct ORANG OCT ORANG May Jul Sep Nov Jen Mar May Jul Sep	59.84 60.77 61.50 62.15 62.80 62.65 E JUICE Close 91.50 91.50 91.50 97.25 99.55 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 81.73 62.40 62.90 62.90 15,000 lbs; Previous 88.25 92.50 92.50 93.25 93.25 90.00 100.00 100.00 100.00 1671.9 8888: Dec. Apr.30	60.50 61.33 60.75 61.90 62.40 0 cents/bs High/Low 91.80 94.75 97.50 100.00 0 0 0 0 0 0 0 0	59.80 60.70 60.70 61.40 62.15 62.77 0 87.50 99.00 93.60 97.20 99.00 0 0 0 0 0 1582.8	Jun Jul Aug Oct Peb Apr Jun PORK May Out Peb Apr Jun Aug Oct Peb Apr Jun Aug Oct Peb Apr Jun Aug Oct Peb Apr Jun PORK	305/4 310/0 ATTLE 40, Close 76,875 74,925 74,950 74,025 74,975 72,975 72,975 72,975 72,975 74,975 74,975 74,975 74,975 44,150 46,150 46	310/4 315/4 315/4 000 lbs; cent Previous 77,225 74,400 74,075 75,075 72,400 0 lb; cents/lb Previous 52,600 44,575 44,050 44,000 42,700 44,000 42,700 44,600 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,600	310/0 315/0 315/0 313/4 3/705 High/Low 77,300 74,500 74,500 75,200 75,200 72,550 3 High/Low 48,925 43,325 44,350 46,350 4
Jul Oct Dec May May Jul Oct ORANG OCT ORANG May Jul Sep Nov Jen Mar May Jul Sep	59.84 60.71 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25 97.25 99.55 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 61.78 62.40 62.90 62.90 15,000 lbs: Previous 88.25 98.	60.50 61.33 60.75 61.90 62.40 0 cents/bs High/Low 91.80 94.75 97.50 100.00 0 0 0 0 0 0 0 0	59.80 60.70 60.70 61.40 62.15 62.77 0 87.50 99.00 93.60 97.20 99.00 0 0 0 0 0 1582.8	Dec Merry Jul Jun - Aug Oct - Peb Apr Jun - Aug Oct - Apr Jun - Aug Aug - Apr Jun - Aug - Apr -	305/4 310/0 ATTLE 40, Close 76.875 73.925 74.025 74.025 74.025 74.025 74.025 74.025 74.025 40.00 Close 52.550 51.050 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150 44.150	310/4 315/4 315/4 000 lbs; cent Previous 77,225 73,925 74,400 74,075 75,075 72,400 0 lb; cents/lb Previous 62,600 51,025 44,575 44,000 42,700 47,800 0,000 lbs; ce Previous 44,100 44,676 44,676 44,676 44,676 44,675 44,675 44,675 44,675 44,676 44,676 44,676 44,676 44,675	310/0 315/0 315/4 5/bs High/Low 77.300 74.250 74.500 74.500 75.200 75.200 8 High/Low 48.925 43.450 44.350 48.500 High/Low 42.500 42.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500 44.500
Jul Oct Orac Mer May Jul Oct ORANG May Jul Sap Nov Jan Mar Mary Jul Sap Dong Mar May Jul Sap Dong May Jul Sap Boot Sap B	59.84 60.71 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25 97.25 99.55 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 61.78 62.40 62.90 62.90 15,000 lbs: Previous 88.25 98.	60.50 61.33 60.75 61.90 62.40 0 cents/bs High/Low 91.80 94.75 97.50 100.00 0 0 0 0 0 0 0 0	59.80 60.70 60.70 61.40 62.15 62.77 0 87.50 99.00 93.60 97.20 99.00 0 0 0 0 0 1582.8	Jun Jul Aug Oct Peb Apr Jun PORK May Out Peb Apr Jun Aug Oct Peb Apr Jun Aug Oct Peb Apr Jun Aug Oct Peb Apr Jun PORK	305/4 310/0 ATTLE 40, Close 76,875 74,925 74,950 74,025 74,975 72,975 72,975 72,975 72,975 74,975 74,975 74,975 74,975 44,150 46,150 46	310/4 315/4 315/4 000 lbs; cent Previous 77,225 74,400 74,075 75,075 72,400 0 lb; cents/lb Previous 52,600 44,575 44,050 44,000 42,700 44,000 42,700 44,600 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,600	310/0 315/0 315/0 313/4 3/705 High/Low 77,300 74,250 74,500 74,500 75,200 75,200 75,200 75,200 75,200 75,200 44,500 44,300 44,300 44,300 44,300 44,500 44,500 44,500 44,500 44,500 44,500 44,500 44,500 41,500 41,500 41,500 61,50
Jul Oct Orac Mer May Jul Oct ORANG May Jul Sap Nov Jan Mar Mary Jul Sap Dong Mar May Jul Sap Dong May Jul Sap Boot Sap B	59.84 60.71 61.50 62.15 62.80 62.65 E JUICE Close 91.50 94.25 97.25 99.55 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05 104.05	80.10 61.26 60.85 61.78 62.40 62.90 62.90 15,000 lbs: Previous 88.25 98.	60.50 61.33 60.75 61.90 62.40 0 cents/bs High/Low 91.80 94.75 97.50 100.00 0 0 0 0 0 0 0 0	59.80 60.70 60.70 61.40 62.15 62.77 0 87.50 99.00 93.60 97.20 99.00 0 0 0 0 0 1582.8	Jun Jul Aug Oct Peb Apr Jun PORK May Out Peb Apr Jun Aug Oct Peb Apr Jun Aug Oct Peb Apr Jun Aug Oct Peb Apr Jun PORK	305/4 310/0 ATTLE 40, Close 76,875 74,925 74,950 74,025 74,975 72,975 72,975 72,975 72,975 74,975 74,975 74,975 74,975 44,150 46,150 46	310/4 315/4 315/4 000 lbs; cent Previous 77,225 74,400 74,075 75,075 72,400 0 lb; cents/lb Previous 52,600 44,575 44,050 44,000 42,700 44,000 42,700 44,600 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,675 44,600	310/0 315/0 315/0 313/4 3/705 High/Low 77,300 74,250 74,500 74,500 75,200 75,200 75,200 75,200 75,200 75,200 44,500 44,300 44,300 44,300 44,300 44,500 44,500 44,500 44,500 44,500 44,500 44,500 44,500 41,500 41,500 41,500 61,50

By Terry Byland, **UK Stock Market Editor**

A UK equity sector slow to return to work after the May Day holiday closed on a sour note yesterday following disappointing economic news from across the Atlantic. The sharp drop in the US index of leading economic indicators in March - prompting an admission of "cause for concern" from the White House press secretary halted London's earlier advance, which had reflected firmness in bonds both in New York and London.

The fall in economic indicators, which checked an early gain on Wall Street where the Dow Average was unchanged when London closed, heightened worries that the recovery in the US economy might be losing momentum.

It was these worries, mirrored by signs that US investors might have been switching into gold, that upset the UK stock market last week. Some London strategists believe that Wall Street may be taking too sanguine a view of the economic recovery and could soon face a significant

correction. UK equities opened firmly, still responding to indications that the domestic economy has now turned the corner from recession towards recovery. Mr John Major, the UK prime minister, told parliament yesterday

home repossessions added to of Wall Street, traders were the evidence that Britain is heading towards recovery.

In early trading, the FT-SE 100 Index added 9.8 points, but trading volume was woefully thin. This is the last week of a UK equity trading account extended over three weeks to cover the May Day break. With the City of London still taking a somewhat restrained view of

Haume Costro Gay's COS's Pates Charge

that statistics showing lower the UK economic recovery and gilts in turn helped equities. London quickly dipped below inclined to stay out of the marovernight levels when Wall Street lost its initial gain, and ket until the new trading account opens on Friday night. although both markets stead-The stock market soon lost

ied later, the FT-SE 100 ended its early peak of 2.822.9 on the the day 0.5 off at 2.812.6. Footsie but was content to Most of the day's features mark time in positive territory focused around company news, until Wall Street opened. Firmeither actual or expected, BAT ness in New York bonds took Industries found buyers ahead the pressure off UK governof today's trading statement, ment stocks, and gains in and similar factors brought

TRADING VOLUME IN MAJOR STOCKS

some support among the UK clearing banks.

The stock market's evident unwillingness to renew its advance at present is seen by some analysts as confirmation that it has settled into a trading range of FT-SE 2.750 to 2,850 for the near term. Retail, or genuine customer, interest in equities has remained satisfactory in spite of last week's shakeout in shares. Stock Exchange statistics show that retail business on Friday was worth £1.14bn, at the lower end of the range of the past six months

Second line issues were slower than the Footsie-listed stocks to react yesterday to developments in New York. The FT-SE Mid 250 Index. although off the top, retained a net gain of 1.4 at 3,153.4.

Trading volume in non-Footsie stocks made up around 63 per cent of the day's Seaq total of 422.7m shares, indicating a return to a more typical daily market profile after a week which had seen the Footsie

Accoun	t Dealing	Dates
First Dealings: Apr 19	May 10	May 24
option Declaration May 6	May 20	Jun 3
ast Dealings: May 7	May 21	Jun 4
ccount Day: May 17	Jun 1	Jun 14

Chemicals switch hits ICI

CHEMICALS group Courtaulds stood out in a listless London market as traders suggested that investors were switching funds from ICI, which was further weakened by a withdrawal of US interest. Courtaulds rose 5 to 562p while ICI shed 16 to 1273p.

Initial speculation that Charterhouse Tilney, the stockbroker, was the driving force was denied by the house and it appeared that existing recommendations from Smith New Court might have held sway. Smith is a renowned bear of ICI but is a buyer of Courtaulds on the basis that the company's export market, which represents £400m of sales, is benefiting from currency factors and US economic recovery.

Finally, dealers said US brokers PaineWebber and C.J. Lawrence, both aggressive buyers, finally came off the bid yesterday. The two houses have been primarily responsible for driving ICI's price higher and there was a feeling that now the shares have hit \$80, US investors may be happy to take profits.

Waters sold

Utilities attracted further selling across the board. Water shares were notably weak after Kleinwort Benson, the stock-

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (138),
OTHER FOXED INTEREST (3) BREWERS (3)
OTHER FOXED INTEREST (3) BREWERS (3)
OTHER FOXED INTEREST (3) BREWERS (3)
BOSIGINGTON, Highten, Wetherspoon, BLDG
MATLS (11) Booldove, Size Circle, Do 74epc
P. Severel Barden, Instanck Jahrsen, Kalon,
Adarbon, Karlen, RakC, Sherpe & Fasher, Taon,
BUSINESS SERRE (1) IDNB, CHERSE (3) BTP.
Hickson, IC.I. CORNILOMERATES (3) AGA.
Carnon SL, Lorrino, CONTG & CONSTRON
(7) Ashtead, Burnett Dev., Maunders, McAlpine,
Mondern, Sindal, Wilson (C), ELECTRICALS
(2) Detts, Windowske Proje., ELECTRICALS
(3) Computer Poople, Control Techs, INSTEM,
EMG AERO (1) Br. Aerospoce, EMG GEN (10)
Aerospoce Eng., Cardo, Cyde Blowers, PG.
Pfo Idmar, Hall, Senior, 77, VSE, Vosper,
HEALTH & HISCHOLD (1) Mixty Linte, HOTELS
& LEIS (1) Manchester Int., INSCE
COMPOSITE (1) Topidammark, INV TRUSTS
(20) Buille Gifford Japen, Drayton Eng. & Intl.
English Natl Dekt, Fing. For Eastern, Fing.
Jopanese, Do Whs., GT Japen, Gartone Eng.,
Positic Wits, Gartinom Value Zero PI., Govett
Urlental, Hong Kong, JF Fledd, Japen, SF Pacific
Wits, Gartin Gume Pec, Wiss, Oriental Smill
Cots, Brit Cap, Liego Co. 70, Second Cons., SC Dead's Zero PI., Templeton Enry, Miks.,
Ville, Linter, 19. Mall, Premon, Miks.,
Why., Linter, 19. The Mall, Premon, Mill, & MTL,
Scholerson Nauring E. Oll. & GAS (3) Aran
Energy, Guistroem Res., Mingston, Chiller
Finical, (4) Jupiter Tymidd, M & Q. Perpulal,
Provident Fined, Others, Mingston, Chiler,
Finical, (4) Jupiter Tymidd, M & Q. Perpulal,
Provident Fined, Childre, Mingston, Children,
Energy, Guistroem Res., Mingston, Children,
Eng. Advance, Eng. Called, Horacardope, Rapole,
Photology Eng., Lamon, Papital, Horacardope, Rapole,
Provident Fined, Children, Mingston, Children,
Eng. Advance, Eng. Called, Horacardope, Rapole,
Provident Fined, Children, Mingston, Children,
Eng. Advance, Eng. Called, Horacardope, Rapole,
Provident Fined, Children, Mingston, Children,
Eng. Advance, Eng. Advance, Hongdon,
Children, Control Control (1) Mingston, Lindel,
Provident Fined, Children, Mingston

NEW LOWIS (27).

AMERICANS (2) Amdehl, Bollsouth, NYNEX,
PREWEISS (1) Fosters, CHEMS (2) Cenning,
Leigh Ints., CONTO & CONSTRICK (1) Amoo.

BLECTROMISC (1) Mere Foote, sind GEN
(1) Plasmos, MEALTH & HSEHOLD (2) Life
Stomers, ML Lobe, MRGE BRONERS (1)
Stoy Burnil J. BY TRUSTS (1) Pertheon Int.
MYS., MTL & MIT. FORMON (1) Johrson &
Frin, MRSC (4) Ensigne Has. Place PL, Pendand,
Sharks & McEssen, Toys, Oll. & GAS (2) Int.
Patrim, Survise Energy, Timon Surope, PACKO,
PAIPER & PRINTIG (1) Portais, PRIOP (1) Hering
Baker H. STOMES (1) T & S. TEXTS (2)
Cumperl, Courtsidds, MINES (1) MM

broker, reaffirmed its bearish stance on the sector, in spite of

steep falls over the past month. Kleinwort said it remained concerned about the sector's performance, primarily because of the economic recovery but also because of the regulatory review, due to be published in 1994 and diminishing hopes of further UK interest rate cuts.

The water companies' preliminary results season starts on May 26, with figures from North West Water. Over the sector Kleinwort expects profits to rise by 5 per cent, earnings by 7.8 per cent and dividends by 8.8 per cent.

Of the water stocks in the FT-SE 100 Index, Thames was the worst performer, losing 7 at 500p, after 499p, following the death of the chairman, Sir Roy Watts. Anglian shed 6 to 488p, while Severn Trent dipped 5 to 480p and North West the same to 481n. Kleinwort told its clients to continue to switch into companies with strong financial ratios, such as Water and Southern.

BAT wanted

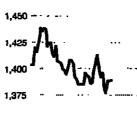
Buying ahead of first-quarter results pushed tobacco and insurance group BAT Industries higher yesterday. The shares, which have languished on fears of a US tobacco price war, rose 17 to 873p with 3.2m traded.

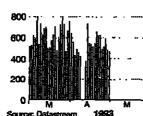
The market is looking for profits of around £350m. against £262m for the same period last year. Nevertheless, yesterday's rise represents a relatively small bounce. Although the move by US group Philip Morris to cut the price of its Marlboro brand is not expected to impact on BAT's figures to the end of March, BAT's shares have fallen from 1000p since the start of April. BAT is set to announce profits of around £350m, up from £262m for the same period last year. The results will include a currency gain of about £30m and reflect stronger performance by BAT's insurance subsidiaries.

Campari upset

Sports clothing company Campari plunged after the group astonished analysts by announcing its second profits warning in less than two months. Specialists had already scaled back estimates following the first warning in mid-March, which preceded figures just over a fortnight ago. Broker BZW was said to be predicting £1.6m but Campari said yesterday that it would be lucky to break even in the coming year. The shares tum-

bled to 120p before recovering to close 45 lower at 133p. An easier trend in sterling against the dollar helped the oil sector gain ground. Shell, still stimulated by last week's excellent figures from its US arm, Shell Oil, edged up 2 to 556p, on good turnover of 4.3m shares, with at least two of the big London-based investment houses, Smith New Court and SGST, pushing the shares. However, BP were not left





behind and rose 11/2 to 294p; turnover was an unspectacular 3.3m shares. Oppenheimer and Co, one of the the most influential US brokers, upgraded BP to its buy list. Enterprise Oil improved 7 to 488p after relatively high turnover of 1.1m shares. Lasmo could make little headway, however, holding

steady at 152p. Aran Energy, on the other hand, raced up 3 to 30%p, the highest level since May 1991, after what was described as a very positive presentation in London to UK oil analysts. Morgan Stanley, the US investment bank, is believed to have included the stock in its Capital International Index as part

of its Irish Portfolio. Banks remained under pressure after a couple of recent bearish circulars from brokers. These focused on the weakness of the UK banking sector's Tier One capital ratios compared with those of the US banks, with the notable exceptions of TSB and Abbey National. The latter moved up 6 to 391p.

from worries, emanating from a research presentation by Wellcome, of a rival to its antimigraine treatment. Analysts said the possibility of a competing product from Wellcome would be countered by new

the former rose 4 to 739p. Pearson advanced 10 to 447p on reports that it is interested in taking a stake in Hong Kong satellite television station STAR TV.

lower at 1245p as one securities house published a bearish piece of research.

Negative comment was again undermining food retail issues. Weekend press reports suggested that prices had been reduced because of competition from discount supermarket chains, confirming the bearish view on the sector held by several brokers, Tesco slipped 41/4 to 217%p. J. Sainsbury 7 to 461p and Kwik Save 5 to 778p. United Biscuits ebbed on profit-taking as the heralded bld failed to materialise. The

shares dipped 5 to 421p. A positive annual statement from Unilever helped the shares climb 41/2 to 1087p. Tate & Lyle added 4 at 405p ahead of today's results. A disposal of some of its poultry interests lifted Hillsdown Holdings by 7

Interest in Kingfisher on optimism that its DIY business had experienced a good Bank Holiday was dampened on the back of a dull stores sector. The shares closed a penny adrift at 599p. Storehouse, which announced the buy-back of some property interests, rose a penny to 209p.

Negative press comment and rumours of less than praiseworthy views from one of the company's brokers weakened Ladbroke Group. The shares slipped a penny to 162p. The Premier League champi-

onship lifted Manchester United. The shares leapt 23 at one stage before settling 11 ahead at 463p. Euro Disney advanced 15 to 890p on hopes of a funding deal with Walt

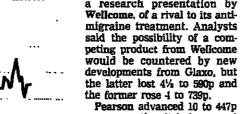
Holiday group Owners Abroad weakened 7 to 100p as criticism continued over recent broker downgrades. Some analysts were said to be unhappy at the new figures following Owners previously bullish tone during its successful defence

FINANCIAL TIMES EQUITY INDICES

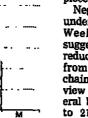
	May 4	April 30	April 29	April 28	April 27	Year ago	• High	· Low
Indinary share	2218.0	2221.3	2200.2	2208.3	2231.5	2147.1	2299 5	2124.7
Ord, div. yield	4 16	4 15	4.18	4 18	4,14	4.24	4.52	4.07
Earning vid % full	6.27	6.25	6.30	6.29	6.25	6 02	6.35	5.79
P/E rasio net	19.80	19.86	19.71	19.73	19.88	20.84	22,04	19.57
P/E radio nil	18.40	18.54	18 40	18.43	18.55	19.38	20,30	18.25
ieki Minos	148.1	146.9	153.3	141 2	T40.1	111.0	153 3	60 D

Open 9,00 10	1.00 11	.90 12.00	13.06	14.00	15.00	16.00	طولاا	Low
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Volume	May	4 April 3	D Apri	29	April 28	April	27 Y	82F 2Q0
SEAG Bargales	27,97	1 26,385		031	29,670	29,8	5 7	41,075
Equity Terrover(Soft	-	1140.3		19.6	1358.3	1174		1329.5
Equity Bargains†	-	30,798		908	34,284	33,8		50,582
Shares traded (mil)		495.4	48	7.0	595.4	517	.9	619.8

London report and latest Share Index Tel. 0891 123001, Cally charged at 36p/minute cheap rate. 48p at all other times



Reuters Holdings was 14



Royal Bank of Scotland, due to announce interims today. edged up 3 to 267p. The market is looking for the bank to top most analysts' forecasts, which range from around £50m to £80m, compared with last time's £48m.

Drug issues were stronger following US buying on Monday. However, Glaxo suffered

against the bid from Airtours. A big seller of Bass under mined the shares, off 9 at 534p. However, Grand Metropolitan attracted support after its recent poor run and the shares

added 5 to 415p. Volex shares fell sharply to close 23 off at 389p after the chief executive left the company and joined Farnell Electronics. Aerospace Engineering raced up 41/2 to 19p after selling Forward Industries to

OMI International. Confirmation that British Aerospace is setting up a joint venture in guided weapons with Matra helped BAe shares move up 6 to 328p.

MARKET REPORTERS: Christopher Price, Peter John. Steve Thompson

Other statistics, Page 20

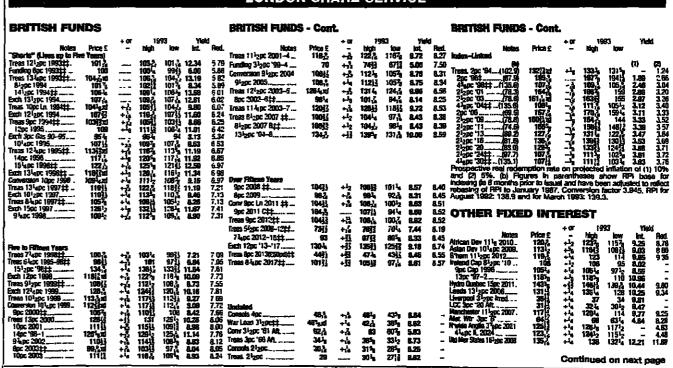
FT-SE 100			FT-SE	MID	250	7 [FT-	A ALL	-Shar	E
2812.6 -0.5	}	}		3.5 +1			13	389.12	+0.24	<u> </u>
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	May 4	Day's change %	Apr 30	Apr 29	Apr 28	2gó	yield %	yfeld %	Rettle	yte
FT-SE 100	2812.6		2813.1	2786.8	2797.3	2662.2	651	4.05	(9 41	36.73
FT-SE MM 250	3133 5		3132.1	3110.4	3121.7	2731 6	6.47	371	19 49	31.93
FT-SE-A 250	1402.6	_	1402.6	1390.3	1395 5	1304.4	6.50	3.98	19.43	17 42
FT-SE SmeliCap	1590,74	+0.1	1589.00	1585.09	1585 75	-	4 61	3.58	31 06	15.62
FT-SE SmallCap ex law Treats	1672.37	+0.1	1600.86	1596.69	1597.89	-(5 11	3.78	28.97	18 17
FT-A ALL-SHARE	1389.12		1368.88	1377.21	!382.18	1288 53	638	3.95	1989	17.02
· acarre consens	981.92	+0.1	981.15	970.54	974 44	888.59)	5 48	392	23.94	13.53
1 CAPIDA, 60008(213) 2 Bullding Materials(27)	1063.66	+0.6	1056.97	1035 08	1038.99	1083.09	4 66	4.56	28.43	16.49
2 Building Materials(27) 3 Contraction, Construction(29)	975.22	+08	967.65	954.47	960.39	1024.29	2.82	3.39	80 001	995
4 Becticasi15	2758.49	-0.5	2782.82	2758.22	2774.81	2589.58	5.40	4 88	23 55	65.13
5 Bestroissis7)	2654.52	-0.3	2861.95	2637.41	3653.29	1991 30	5 97	3.01	21 15	18.34
6 Engineering-Aerospace(7)	373.78	-0.2	374.65	387.84	372.90	386 33	5.43	3.95	24,41	3.60
7 Engineering-General(51)	568.92	+0.5	565.91	561.85	560.88	535.18	6.76	3.71	18.77	7.00
8 Metals & Metal Forming(11)	410.52	+0.8	406.10	402,89	403.25	367 56	4.23	3.00	34.39	0.66
9 Motors(18)	405,64	+0.2	404.94	402.84	402.68	362.54	501	5 44	28.58 21.32	9.47
(a) Other Industrials(18)	2061,40	-94	2068.79	2054.03	2064.05	1806.73	5.75	3.98		36.77
21 CONSUMER GROUP(234)	1649.57	-0.1	1650.74	1636.71	1641.35	1717.24	6.94	3.42 3.73	17.84 14.69	1703
22 Browers and Distillers(29)	1934.76	+0.2	1930.90	1911.38	1911.86	2197.60	8 33 7.33	3.72	16.54	20.00 21.23
25 Food Manufacturing(22)	1359,12	+0.2	1357.03	1347.59	1352.11	1277.83	7.33 8.75	3.72	14.81	16.48
26 Food Retailing 15)	2931.65	-1.1	2962.79	2923.35	2926 96 3471.73	2805.63 4188.08	6.53	3.23	17.72	32.64
27 Health & Household(29)	3513.35 1249.78	+6.2 -05	3507.18 1256.08	3468.73 1251.79	1259.30	1421.31	5.72	4.55	23.86	25.07
29 Hotels and Leisure(20) 30 Media(23)	1898.00		1897.74	1886.52	1888.05	1665.32	5 32	2.70	23.21	22.13
31 Packaging and Paper(24)	868.59	-01	869.67	888.19	872.30	852.06	5.84	3 34	21.02	9 37
34 Stores(39)	1156.62		1157.03	1148.70	1158.89	1097.29	6.26	2.60	27 12	5.85
35 Textica(20)	795.75	-0.3	797.76	795.89	796.37	743.98	5,41	3.86	19.82	10.78
40 OTHER GROUPS(142)	1457.28	-0.1	1458.59	1446.61	1453.35	1316.12	8.39	4.91	14 66	16.00
41 Business Sendoes(27)	1612.78	-03	1617.66	1803.07	1605.42	1433.33	5,67	3.12	21 62	1273
42 Chemicsis(23)	1526.16	-0.5	1535.80	1529.50	1509.09	1601.23	5 90	4.52	21 40	24.53
43 Considerences(11)	1425.62	+0.4	1419.30	1411,25	1419.37	1443.67	7,36	5.28	15 32	18.55
44 Transport 16)	2797.94	-0.7	2616.90	3802.50	2825.89	2667.47	7.48	4.01	16.10	42.36
45 Eschicky(16)	1668.05	-1.0	1884.72	1676.82	1700.97	1282.12	12 99	4 32	989	29.90
46 Telephone Networksi4)	1668,75	+0.3	1664.37	1650.72	1663.38	1417.26	7.89 13.50	3 84 4.98	16.51 8.23	1 53 11 83
4? Water(13)	3340 05	-1.7	3376.41	3338.63	3369.77	2863.47 2093.03	7.1D	4.46	دے ہ 17.58	41.41
48 Mscelaneous(32)	2278.34	+1.3	2248.31	2271.10	2211.66					
49 INDUSTRIAL GROUP(588)	1430 42		1431.10	1418.42	1423 66	1384.29	7.14	3 82	17.43	16.09
\$1 G3 & Ges(18)	2397,39	+0 4	2388.74	2359.25	2357.92	2125.55	5.84	4.83	21.72	27 46
59 "500" SHARE INDEX(807)	1517,37		1517.43	1503.42	1508.29	1455.12	7.00 2.78	3.93 4.30	17.81 43.05	17 11 18.17
61 FRANCIAL GROSP(89)	\$85 <u>.2</u> 6	+0.1	984.43	979.86	965.68	755.04				
62 Banks(9)	1350,57		1350.30	1343.71	1352.84	940.83	4.83	3 99	29.95 66.06	26.94
65 Insurance (Life)(6)	1962,63	-0.2	1955.34	1970.49	1985.17	1502.29	2,60	4 55 4.83	56.06 ‡	47.49 15.60
66 Insurance (Composite)(7)	641.94	-0.1	642.79 774.04	639.76 761.94	642.40 781.21	526.30 966.66	‡ 7.33	4.83 5.01	18.33	11.10
E7 Insurance Brokers(10)	781,80	+1.0	774.04 639.43	761.94 634.35	761.21 843.04	509.28	7.35 7.35	3 43	17.16	4.71
68 Merchart Barasas)	640.64 777,39	+0.2 +0.8	771.48	765.12	767.08	724,25	6.01	510	22.56	4.02
69 Property(26) 70 Coner Financial(23)	361,56	+V.g +0.i	361.23	700.12 380.58	381,48	357.85	8.39	456	20.45	3.20
7) Coner rimances(23) 7) Investment Trusts(108)	1453.09	+0.1	1449.36	1443.52	1446.38	1243,54	2.26	2.82	44 24	12.37
SS FT-A ALL-SHARE(804)	1389.12		1388.88	1377.21	1382.18	1288.53	6.38	3.95	19.89	17.02
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FT-SE Actuaries Share Indices

	Open	9.00	10.00	11.00	12,80	13.00	14.00	15.00	16.10	l@gh/day	Long/day
FT-SE 100	2820.3	2819.9	2822 6	2821.8	2821.1	2821.7	2821.4	2818.5	2812.7	2822.9	2812.0
FT-\$E 1966 250	3135.8	3135.2	3137.9	3138.8	3139,3	3140,0	3139.6	3137.1	3133.5	3140.3	3133.4
FT-SE-A 350	1405.8	1405.6	1406.9	1406.7	1406.4	1406.B	1406.6	1405.2	1402.4	1407.0	14024
FT-SE AC			duetro	Raeko							
FI-OE AC	wai ies	GGC HE	uusu j	MASKE						Previous	
Hazety O	pën 9.08	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Çlese	close	change
					****	1040.4	4014.	4000 0		40011	. 176

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EQUITY FUTURES AND OPTIONS TRADING

IT WAS a return to more familiar territory in the futures market yesterday as the excitement of last week's trading subsided and volumes were dictated by a lack of direction, writes Christopher

Price. Following Friday's strong close, the June Footsie contract opened slightly firmer at 2.824, reinforced by stronger

glits and a positive overnight Wall Street. However, it was not long before June ran into sellers and slipped back, hitting a morning low of 2,820. It then recovered, reaching 2,830 by lunchtime on some good two-way business. A day's high of 2,834 was

attained just prior to Wall

Street opening, although the

lack of direction here, too, con-

tributed to June's slow drift downwards. It hit a low of 2,816 late in the session and closed at 2,819, ahead by 7 points from the cash market. Volume was 8,364 contracts.

Dealers said firmer afterbours' trading pointed to a higher opening this morning. Traded options were also a quiet market. Total volume came to 17,113 contracts, compared with 26,640 previously. Lonrho topped the stock

options with 2,833 lots transacted. This included a buyer of 500 of the December 100 calls at 13p. Lucas Industries was second, with turnover reaching 1,068. There was a seiler of 1.000 of the August 140 puts at 12p. Volume in Thames Water totalled 604 contracts.

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		Warrands 165 201 161	up mid-prioss are shown in peace unless otherwise plated. Highs and are based on intal-day mid- prices. To stocks are denoministed in currencies either then starling, this is abed either the neam of the currencies either then seen on the prices are denoministed in currencies either the neam of the prices are starling to dividend status appear in the notes column dely at a so yelded and P/E ratios. Dividends and Dividend covers are published content, and the prices are published on the prices are starling and the prices are based on interface from the prices are based on the prices are starling and the prices a
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FINANCIAL TIMES WEDNESDAY MAY 5 1993 35 ● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details. FT MANAGED FUNDS SERVICE JERSEY (REGULATED)(***) | Second HM Income & Gurth Fd HW | 872.55 | +0.09| Indosnez Asia izvest Services Lid Citizens Investment Trust Mgt Co Ltd A) List "Chilimphar automat freque to the Lord of the Quantissa Greep The Jaguer Fund N.V. era Roseoberg Alpha Fund Mark 1 Portisio A: 140/ \$15.61 +0.06 Portisio R: NAV \$16.40 +0.14 Jardine Floroning Inv Bingst Lift Jardine Floroning Inv Bingst Lift Floring Inv May 1, 57,296 Floring Inv May 2, 57,296 Floring Inv May 1, 51,15 Floring Inv May 1, 51,15 Floroning May May 1, 51,05 Floroning May May 3, 51,05 Regent Fund Management Ltd Final Salect Mill Mills 3. 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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar softer on US indicators

THE DOLLAR remained soft against the D-Mark in European trading yesterday following another set of weak indicators on the US economy. writes James Blitz

in Monday's US trading, the dollar weakened against the German currency after the National Association of Purchasing managers reported that its index. which measures manufacturing activity, had slipped below 50 per cent in April for the first time since

September 1992. The gloom on the US economy was compounded yesterday by news that the leading indicators had dropped by 1.0 per cent, the sharpest fall since 1990. The dollar bottomed out at DM1.5690 before recovering a little to close at DM1.5710, more than 1'2 pfennigs down on the day.

In Europe, most currencies remained relatively strong against the D-Mark amid continuing signs that the German economic situation was wors-

Western Germany's industrial production figures for March dropped 0.6 per cent, while February's decline was revised down to 1.3 per cent from 1.0 per cent. Manufacturing output also dropped 1.0 per

£ IN NEW YORK

May 4	Latest	Prevous Close
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STERLING INDEX

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•	CURRENCY RATES							
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CURRENCY MOVEMENTS

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Canadian Dollar	3

May 4	£			5
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SAI (Cm)				- 3.157
At (Fre	7.2085 -			- 4.582
		40.90		- 26,00
AE		5 790a		- 3.673

cent in March, adding to speculation that the Bundesbank will have to cut interest rates aggressively to stimulate the

economy. This data helped the French franc peak at FFr3.3670, its highest level since the autumn of last year.It later fell back to close at FFr3.373 from a previous FFr3.370.

At the same time, the spread between 3 month French francs and 3 month D-Marks continued to narrow, and was yesterday at only 9 basis points. This is a strong sign of the market's confidence in the franc and its belief that the French currency needs to carry no premium against devalua-

At the same time, both the Belgian franc and Dutch guilder performed strongly relative to the D-Mark, indicating that investors prefer to invest in these currencies instead of the D-Mark. Both currencies were some 33 basis points above the

D-Mark inside the exchange rate mechanism grid, having been some 29 basis points higher before the weekend. One strong exception to this

trend was sterling, which drifted down against the D-Mark throughout the day. In part, this may have been due to new uncertainty about whether the UK would ratify the Maastricht treaty on European Monetary Union. Yesterday, the speaker of the House of Commons created a possibility for a vote to be held on the Maastricht ratification bill which, if it goes ahead, will almost certainly result in the defeat of the UK government.

There was some speculation in money markets that the UK might cut base rates again later this month. UK newspapers speculated at the weekend that the next unemployment figures in the UK could show a strong rise. The pound closed at DM2.4675, 21/2 pfennigs down

EMS EUROPEAN CURRENCY UNIT RATES Posts Posts Central Rate 0 802020 40.1810 2 19518 1 95454 181.162 6.58529 142.968 7.50476 0.809996 40.2892 2.20045 1.95294 180.624 6.54968 142.150 7.44934 -0.96 -0.25 -0.24 0.08 0.30 0.54 0.58 0.74 175 0.99 0.99 0.85 0.44 0.20 0.17 0.00

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am iy iway ince ince	114.95 - 115.50 1465.50 - 1474.50 6.8375 - 6.6800 5.2875 - 5.3250 7.2850 - 7.3375 110.20 - 110.60 11.0550 - 11.175 1.4150 - 1.4365	115.10 - 115.20 1486.50 - 1467.00 6.6450 - 6.6500 5.2950 - 5.3000 7.2975 - 7.3025 110.20 - 110.30 11.0675 - 11.0725 1.4170 - 1.4180	133-139cds 10.00-11.00irads 2.00-2.60cmds 2.33-2.43cds 3.70-4.20cmds 0.01-0.02yds 4.15-4.45gmds 0.25-0.30cds	1 9 7 8 8 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	338-3486s 28.50-30.00ds 6.40-7.10ds 6.23-6-4.3ds 10.30-11.00ds 9.01-0.026s 11.00-11.80ds 0 63-0.75ds 1 52-1 60m	-11.98 -11.98 -11.98 -4.98 -4.98 -4.99 -4.99 -4.99 -4.99

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umy eru coronners eru years 4-35 per cent, seco years 46-46 per cent, sur years 3-44 per cent. 1 54-51, per cent acenteal. Short lacri rates are call by US Odlar and Japanese tent, others, two days' actics

May 4	£	\$	DM	Yen	F Fr.	S Pt.	# FL	Lira	CS.	8 fr.	Pts.	Eq.
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	0.405	0.636	1	70.21	3.373	0.902	1.124	933.5	0.809	20.59	73.17	0.51
	5774	9.065	14.24	1000.	48.04	12.85	16.00	13297	11.52	293.3	1042	7.25
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	0.361	0.566	0.890	62.48	3.001	0.803	1	B30.8	0.720	18.33	65.12	0.4
	0.434	0.882	1.071	75 21	3.613	0.966	1.204	1000.	0.866	22.05	78.38	0.5
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FINANCIAL FUTURES AND OPTIONS

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	NS GALT BABbs of	FUTURES O 100%	PTIONS			RO SWISS points of	FRANC OF	TIONS	
	Jun 2-26 1-36 0-58 0-29 0-12 0-04 0-02 0-01 volume	Sep 2-39 2-01 1-34 1-08 0-51 0-35 0-24 0-15 iotal, Cals 1	0-08 0-18 0-40 1-11 1-58 2-50 3-48 4-47 893 Puts		Strike Price 9475 9503 9525 9550 9575 9600 9625 9650 Estimated	Jun 0 52 0 30 0 12 0 04 0 02 0 01 0 0	500 0.91 0.68 0.47 0.29 0.15 0.06 0.03 0.01	Puts-se Jun 0.02 0.05 0.12 0.29 0.52 0.76 1.00 1.25 Puts 0	Sep 0.91 0.03 0.07 0.14 0.26 0.43 0.63 0.88
無眼		OPTIONS	8775 Put	= 65912 		LLAN CO	ent. Calls 11 Ff. Sóffic (i Libra 200	तंश स्प	TRES
inke	Calls-9	Wernents	Puts-se	ttlements	Strike	Caft5-56	tenrents	Puts-95	ittemer

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Previous	qa4,e obsu	int. Care 1	23996 Puta	66414
LOND	ON (LII	PPE)		
9% NOT	ICHIAL BRIT 32nds of 1	isk gilt 09%	•	
-	Close		Low	Pres
Jun	104-09	104-12	103-31	103-2
Sep	103-16	103-12	103-12	103-0
Estimati Previous	ed volume s day's op	28122 (en int 6	38881) 9749 (709	(05)

US TRE \$100,00	ASURY BONOS 0 32nds of 1	. 8% °		
Jun Sep	Clase 111-09 110-00	High	Low	
Estimal Previou	ed wolume ()(O) n.trrL 1 i	1)	

Previous day's open int. 1 (1)						
6% NOTIONAL GERMAN GOVT. BOKD * DM250,000 100ths of 100%						
	Close	High	Low	Prev.		
Jun	94.81	94.90	94.56	94.68		
Sep	95.08	95.17	94.85	94,93		
Estimated volume \$9558 (74748) Previous day's open inc. 158371 (155418)						
6% NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOSL) DW250,000 100ths of 190%						
	Class	High	LOW	Prev.		

High Low 108.35 108.18

10% NOTIONAL SPANISH GOVT, BOND (BONDS) Ptg 20m 100ths of 100%

Close High 93.93 93.94 93.88 93.89 93.78 93.81 93.50 93.50 Eqt. Vol. (Inc. figs. not shown) 22717 (28103) Previous day's open Int. 307015 (308063)

1,0W 96.81 96.72 96.37 96.26

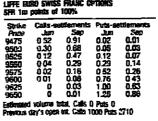
Prev. 92.75 93.58 Close High Low Prev. 92.79 92.74 92.75 93.63 93.63 93.63 93.63 93.56 93.58 94.03 94.04 94.34 94.39 Estimated volume 56840 (77729) Previous day's open int. 550269 (560155) High Low 91.94 91.88 92.74 92.71 93.02 93.00 93.35 93.35

Estimated volume 1240 (1951) Previous day's open int. 21711 (21542) THREE MONTH EURO SWASS SFR 1m points of 100% High 95.27 95.67 95.83 1,0m 95.22 95.62 95.78 Estimated volume 5241 (2872) Previous day's open int. 35031 (35711)

NTK BURGERIA INT. RATE High Low 89.30 89.15 89.72 89.57 89.94 89.77 90.10 89.87

POUND - DOLLAR FT FOREIGN EXCHANGE RATE

1-mat. 3-mat. 6-mat. 12-mat. 1.5865 1.5589 1.5479 1.5278



UFFE BURIO FUTURES OFFICIES GROSSO,000 points of 180%

1.36 0.91 0.55 0.29 0.13 0.07 0.03

JAPANESE YEN (1986) Y12.5m S per Y100

DEUTSCHE MARK (IMM) DM125,000 \$ per DM

Puts-s Jun 0.05 0.10 0.24 0.48 0.82 1.25 1.72 2.21

Sep 0.32 0.46 0.64 0.86 1,14 1,44 1,79 2,18

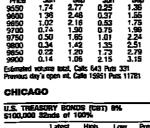
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840 1.90 1.54 1.22 0.94 0.72 0.52 0.37 0.26

Sep 0.71 0.51 0.35 0.22 0.14 0.09 0.06

Jun 0.01 0.02 0.05 0.17 0.37 0.60 0.84 1.08

Sep 2.77 2.48 2.16 1.90 1.65 1.42 1.20 1.06 0.25 0.37 0.53 0.75 1.01 1.35 1.73 2.15 1.74 1.36 1.02 0.74 0.50 0.34 0.22 0.14





Strike Price 1.500 1.525 1.550 1.575 1.600 1.625 1.650 Jul 7.60 5.88 4.37 3.14 2.24 1.52 1.00 May 0.05 0.15 0.58 1.54 3.22 5.38 7.71

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATT) FUTURES

THREE-MONTH PIBOR FUTURES (MATIF) (Paris Interbank offered rate) 92.42 93.12 93.45 93.75 92,45 -0.03

CAC-40 FUTURES (MATTF) Stock index 1952.0 1939.0 -11 1935.0 1924.5 -11 1932.0 1921.5 -10 1942.5 1946.0 -11 urne 10,238 † 7atal Open Inter ECU SOND (MATIF) June 112.94 112.76 -0.08 113 Estimated volume 2,211 † Total Open Interest 11,306 OPTION ON LONG-TERM FRENCH BOND (MATT)

June 0.11 0.34 0.93 153,179

BASE LENDING RATES

Allied Trust Bank ABB Bank **Gillenry Ansbacher** 8 & C Merchant Benk ... 13 Bank of Baroda Banco Bilbao Vizcava Bank of Cyprus Bank of freiend Bank of India ... Bank of Scotland Bardays Bank Brit Bik of Mid East

Coutts & Co

Citibenk NA .. City Merchants Bank6

Financial & Gen Bank _ 7 Robert Fleming & Co __6 Girobank ... Hatito Bank AG Zurich _6 Heritable & Gen Inv Blk, 6 C. Hoere & Co. Hongkong & ShengheL & Julian Hodge Bank 6 CLeopold Joseph & Sons 6 Lloyds Bank

Rodurghe Bank Ltd ... 6 Royal Bk of Scotland 6 Standard Chartered 6 BUritled Blk of Kuwat 6 Unity Trust Bank Pic ... 6

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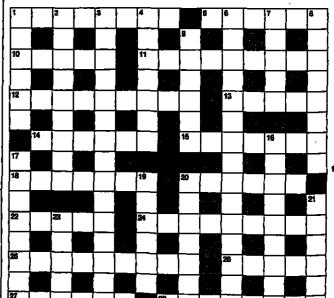
87.328

Merchan! Banking & Securities Houses

CROSSWORD

4.21 5.83 6-Man 1.94 6.32 6-Man 1.95 4.81 6-Man 2.81 3.79 6-Man

No.8,142 Set by ADAMANT



MONEY MARKETS

Bullishness on sterling

STERLING futures were slightly higher yesterday amid fledgling expectations of another cut in UK interest rates at some point later this year, writes James Blitz.

In the last few weeks. nobody in the sterling market has been betting too strongly one way or the other on UK hase rate moves. However, there was some

newspaper speculation at the weekend that the next figures for UK unemployment might show a net rise in contrast to the drops seen in the last two months, forcing the UK authorities to look for new ways to stimulate the economy.

UK clearing bank base lending rate 6 per cent irom <u>January 26, 1993</u>

Several other factors have also made dealers wonder whether the UK authorities might cut

rates again. First, sterling has been testing the DM2.50 level against the D-Mark in recent days. The UK authorities might take the view that too strong a pound would damage UK export prospects in what are already difficult markets. Secondly, the Bundesbank indicated last week that it may be set for more aggressive easing of German interest rates

than has been seen thus far,

enhancing the possibility of

another UK cut. Yesterday, the Bundesbank announced that it would hold a two tranche tender for securities repurchase funds

Few dealers expect the repo rate to come far below last week's level of 7.75 per cent this week and, with call money yesterday trading higher than this, at 7.82 per cent, there is even speculation that the repo rate may rise.

However, as one dealer suggested yesterday, the dollar performing so weakly against the D-Mark on the foreign exchanges that the Bundesbank may take the opportunity to cut rates now. knowing that this will have no consequences for imported

The bears' case on UK rates is still relatively strong, of course. In particular, there are concerns that another rate cut would push Britain's inflation rate outside the limits set by

the UK government. The June short sterling contract was up 4 basis points on the day at one stage yesterday, at 93.94, before closing at 93.93. The September contract closed 4 basis points

up on the day, at 93.98. In the cash market, 3-month money closed at 61 per cent, down is per cent on the day. A small shortage of £450m helped to ease short-dated rates.

FT L	ONDON INTE	RBANK FI	XING	
.00 BLf1. May 4)	3 months US digitars	6 months US Dollars		
tid 3%	offer 37	bid 3,1	offer 3%	

MONEY RATES NEW YORK Treasury Bills and Bonds 7.75-7.85 712-8-3 518-514 7.85-7.90 3.3-314 11-1118 7.2-7.2 818-814 7.65-7.75 714-712 5-518 7.52-7.57 3-2-3-3 11-1119 7-3-7-4 8-818 7.70-7.80 7.35-7.45 Frankfurt. 8.50 8.25

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Treasury Bills resilt; one-month 5% per cent; three months 5% per cent; as months 5% per cent; Bank 1981; cme-month 5% per cent; three months 5% per cent; three de months 5% per cent; three months 5% per cent; three de months 5% per cent; three months 5% per cent; three de months 5% per cent; three months 5% per cent; three months 5% per cent; three de months 5% per cent; three months 5% per cent; three de months 5% per cent; three months 5% per cent; three de months 5% per cent; three months 5% per cent; three de months 5% per cent; three months 5% per cent; three de months 5% per

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Fax: 071-247-0471

MURLUTE LARGEST PUTURES DISCOUNT PARK - MEDIROTI SEA - CHICAGO - LORGOON - NEW YOR LIND-WALDOCK & COMPANY

ACROSS 1 Work out what it means for each hotel incorporated after the first of the month (8) 5 The way of subsidiarity in Europe? (6)

10 And the rest go into reverse for the group (5) 11 Plays on (9) 12 In no Tessa scheme is there a feeling of excitement (9) 13 A range of hearing (5)

14 Keep a thousand in the beer mug (6) 15 Goes for less liquidity when writing about fish (7) 18 He throws in a diamond? Fling out the queen! (7)

20 It is never a straight run race 22. Top general accepted an order that's really funny! (5)

24 Keep having a go at parking the Gaelic minister over on the English (9)
25 But surely it should function

out a bean: (b)
23 If a return is accepted by mother and the family (5)
Solution to Puzzle No.8.141 when it is "ON"? (3.2,4) 26 Equal time for the race (5) 27 On board ship, listen to the main attackers (6)
28 Pleased to have sufficient

coal. it's said (8) 1 Finlay, perhaps, works a year on the disease (6)
2 Firm beat gets the man a line on the angle (9)

summertime (3,4,3,5)

3 Go for nostalgia at the end of

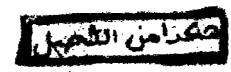
4 in previous days every Rolls Royce contained a place for the golf ball (7) ce to drink gin around a cellar at very low prices? (7,8)
7 Do our surroundings smell?

8 Where to learn the form after just twenty four hours (3.5) 9 Barnaby Rudge had me up for possessing £25 (6) 16 Folder illustrating detachable table panel (5-4)
17 Put a limit on expenditure

over debts that are extensive 19 Gunman (part-time) or a predator (6) 20 He won't work forward (7)

21 Gave loan of one pound to someone who was not with-

CHERRYSTONE PIP



ADSTREA		OCK MARKETS
May 4 Set	Part	CANADA
May 4	Final Content 1,000 -2	NEW YORK DOW JONES May
Aged 30 Yes + W- Agronomoto	Page 1 20 Ven Ven	
Description 1,250	March Corp. 988	IS THIS YOUR OWN COPY OF THE FINANCIAL TIMES? Or do you rely on seeing someone else's? Every day the FT reports on the topics that matter to people doing business every day, in and from Europe. We cover the latest European, U.S. and international news, and analyse the implications from a European perspective. In fact you'll find far more than finance in the FT. No surprise then, that the Financial Times is read by over four times as many senior European businessmen and women as any other international newspaper. Make sure you're one of them by getting your own copy of the newspaper delivered daily to your office. The Giffine Hat. Financial Times (Bumps Gmith. Nichelmagnapha A, MOD Pentrima/Man I. Carmany, Tick + 5994 (1945), Til. 4 (1814), Fin. + 6994 (1945), Til. 4 (1945), Fin. + 6994 (1945), F

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OTC issues up on demand for cable TV

Wall Street

US equity markets were in mixed form yesterday, with blue-chip stocks little changed but over-the-counter issues un sharply amid heavy demand for cable television shares, writes Patrick Harverson in

At 1 pm the Dow Jones Industrial Average was up 1.89 at 3,448.35. The more broadly based Standard & Poor's 500 was 1.51 firmer at 443.97, while the Amex composite was up 2.05 at 424.26, and the Nasdaq composite up 9.59 at 676.30. Trading volume on the NYSE was 156m shares by 1 pm, and rises outnumbered declines by almost two to one.

The latest set of economic data failed to move the markets, although once again the news was not good, with the leading economic indicators down 1.0 per cent in March. The decline was bigger than forecast, and was the largest monthly drop in almost two and a half years.

As on Monday, the equity markets were propped up by a rally in the bond market that was triggered by bad economic

Investors remain worried, however, that lower bond yields are the only thing sup-porting stock prices. If yields were to reverse course, the equity markets could face a substantial sell-off, especially if the economic news continues

to deteriorate. Among individual stocks, cable television companies were in demand on hopes that new regulations due to be imposed on the industry by the government will turn out to be less onerous than originally

On the NYSE, the biggest beneficiary was Time Warner, up \$2% at \$35% in volume of 1.8m shares, while on the American Stock Exchange Cablevision jumped \$4% to

NATIONAL AND PECHONAL MARKETS

vorway (22).

Dollar Index

147.85 127.48 217.93 95.84 162.22 113.66 273.59 162.46 69.42 145.99 324.36

168.38 47.60 164.92 243.60 185.47 132.23 171.21 121.41 178.39 180.60

traded on the Nasdaq market, were also up sharply. Comcast rose \$1% to \$20%, TCI firmed \$1% to \$20%, and TCA Cable climbed \$2 to \$22%.

The "E" class stock of General Motors, which represent the car group's Electronic Data Systems subsidiary, fell \$1¼ to \$30% in volume of 1.6m shares on the news that the company's talks with UK telecommunications group BT about a possible business alliance had broken down.

Readers' Digest plunged \$5%, or more than 11 per cent, to

\$41% in heavy trading after the company announced disappointing first quarter earnings. Morgan Stanley, the securities house, followed the news by downgrading its rating on the stock from a "buy" to a "hold". On the Nasdaq, Intel rose \$31/2 to \$1001/2 in volume of 2m shares and Microsoft climbed \$1% to \$87% in volume of almost 1m shares after the two companies unveiled a new phone standard for personal

Canada

TORONTO gave up early gains as precious metals shares reversed direction and began to tumble. The TSE 300 lost 6.73 to 3,766.74 by midday in turnover of C\$278.30m.

Pegasus Gold dropped C\$% to C\$22 while American Barrick was C\$1/4 lower at C\$26%. Placer Dome fell C\$% to C\$20% in brisk dealings.

In the high-technology sec-tor, Newbridge Networks rose C\$2% to a high of C\$81% in moderate dealings.

SOUTH AFRICA

GOLD shares retreated a little, although there was some late interest as the bullion orice improved. The index lost 17 at 1,488 as industrials eased 2 to 4,385. The overall index moved

Mixed performances from Continental bourses

THERE were some mixed performances among bourses vesterday, writes Our Markets

Staff.
PARIS weakened in low turnover, the CAC-40 index losing 13.34 to 1,923.63, off the day's high of 1,943 and a low of 1,914. Turnover was just FFr1.7bn.

Hoare Govett, in its latest

strategy document, comments

that after a strong first quarter the market has now entered a period of consolidation. "Economic fundamentals and corporate results still have the capacity to disappoint, while the prospect of privatisations worth FFr30bn to FFr40bn by the end of the year, as well as a number of cash calls, is likely to weigh heavily on the market," the brokers comment. "In the short term we expect trading to remain volatile, but the immediate risks suggest that it is unlikely to be able to convincingly regain its levels of the end of the first quarter." Peugeot slipped FFr6 to FFr544 as it reported a 17 per cent decline in new car sales

for April, while Euro Disney

eradicated all of Monday's

FFx73.10.

short-term interest rates to help economic recovery. How-Banks which said that faster, automatically lead to recovery. Car stocks were mixed with DM3.00 to DM574.50. Volkswagen has been one of the best performing DAX stocks in the first four months of 1993. Merck Finck, showing a 33 per cent gain, while Daimler recorded a less impressive 7

In a recent report on the car sector Bank Julius Bar, notes that Daimler will face a drastic decline in results in 1993; but with cost reduction measures and the introduction of the

per cent rise.

gains, down FFr2.75 at

FRANKFURT fell back from day's high of 1,636 with the DAX index closing down 1.79 at 1,627.37 in turnover of DM5.3bn.

During the session a Bundes-

bank council member said that

he favoured more rapid cuts in

ever, a contrary view came from the Federation of German deeper rate cuts would not Volkswagen gaining DM2.50 to DM325.50 and Daimler losing according to data supplied by

FT-SE Actuaries Share Indices :--Hourly change FT-SE Eurotrack 200 1153.56 1153.43 1152.49 1151.67 1148.72 1148.79 1148.16 1148.16 FT-SE Eurotrack 200 1213.73 1211.72 1212.41 1210.85 1210.18 1208.28 1207.32 1207.82

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Apr 28

new compact class from this summer, a turnaround can be expected in 1994-1995.

AMSTERDAM was slightly easier ahead of today's results from Philips, off 30 cents at Fl 25.30. The CBS Tendency index closed down 0.4 at 107.2. Goldman Sachs has a positive view of Philips given its reduction in net debt, management changes, and significant job cuts, primarily in con-sumer electronics. The brokers estimate an eps of Fl 1.00 for 1993 and Fl 3.00 for 1994. They

forecast a first quarter loss of 30 cents per share relative to year-ago earnings of 53 cents. MILAN maintained its firmer trend amid optimism that the political situation was stabilising although trading was restrained ahead of tomorrow's parliamentary confidence vote on the government's programme. The Comit index added 7.41 or 1.38 per cent to

Apr 27

Арг 26

Blue chips and telecommunications stocks that are widely held outside Italy were at the centre of buying attention.

Stet, the state telecommunications holding company, rose 1.25 to 1.2,660 in the wake of Monday's announcement that 1992 consolidated net profit rose 0.8 per cent. Sip rose L7 to L1,948 in heavy volume of more than 11m shares on the telematic trading system.

Among industrial blue chips,

Montedison added L26 to

In the financial sector, Ras added L211 to L26,053 as the insurer said net profit fell 53 per cent in 1992 as a result of extraordinary charges.

ZURICH was higher, helped by a firmer chemicals sector and renewed interest in Nestlé. The SMI index rose 7.2 to 1,260. Nestlé returned to favour, having been neglected for some time. The bearer and registered stocks each rose SFr15 to SFr1,100 and SFr1.090 respectively, ahead of next

week's annual news confer-

Ciba-Geigy, continuing to gain support from brokers' recommendations, rose SFr6 to SFr610. Holderbank bearers dipped SFr2 to SFr628 after it left the 1992 dividend

BRUSSELS fell back, the Bel-20 index finishing down 7.93 at 1,181.59 in turnover of some BFr1.2bn. Petrofina fell for the fourth consecutive day. down BFr160 at BFr8,220.

COPENHAGEN gained 2.4 per cent in fairly sizeable trading due to foreign buying and a

dearth of seilers. The KPX index rose 2.02 to 86.79. The KFX June future, indic.

ating the market view of medium-term prospects, rose 1.85 to 90.35 with interest centred on the shipping and banking see

STOCKHOLM advanced in heavy trading led by gains in Ericsson and Astra. The Affärsvärlden index rose 9.2 to 1041.4 in turnover of SKr1.13m from Monday's SKr635m.

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Marie 1

An SKril advance to SKr687 by Astra's B shares was attributed to rising prices for pharmaceuticals issues in New York. LM Ericsson's B shares rose SKr13 to an all-time high of SKr284, boosted by news and rumors of major orders. Expertations of a strong first-quarter earnings report next week also

played a part.
OSLO fell sharply on disappointing results. The All-share index dropped 7.07 or 1.5 per cent to 475.65 in turnover of

ISTANBUL fell nearly 3 per cent as investors took profits after recent strong gains. The index closed down 224.57 at

Bangkok, Manila feature in Pacific Rim region

PHILIPPINE shares remained at all-time highs, although many markets were lower elsewhere. Tokyo remained closed for the Golden Week holiday.

MANILA continued in record territory, with the market tak-ing its lead from PLDT's overnight gain on Wall Street. The composite index touched an all-time intraday peak of 1,645.76 in late dealing before easing to end 21.06 up at a record 1,636.52.

A surge in foreign buying and falling interest rates have sparked the boom, with investors convinced that strong economic growth will fuel a fresh The index has climbed 299

points, or 18.27 per cent, since February 1. BANGKOK plunged across the board, led by losses in finance and bank shares as investors were unnerved by a

ter, identified only as "Mr T", might be involved in share price manipulation.

The SET index fell 17.19, or 2 per cent, to 828.10 in thin turnover of Bt2.76bn.

HONG KONG saw waves of selected bargain hunting emerge in the afternoon, reversing an early easier trend. The Hang Seng index closed 37.18 higher at 6,827.29 in turnover of HK\$3.5bn, after Monday's HK\$3.2bn The rebound was mainly due

to active bargain hunting in Cheung Kong and Hutchison Whampoa on rumours that Chinese companies were active buyers. The shares rose 40 cents each to HK\$26.50 and HK\$19.60 respectively.

NEW ZEALAND lost a hefty 1.9 per cent in large volume Carter Holt Harvey relinamid rumoured changes to the Morgan Stanley Capital Inter-



cted overseas programmelinked selling. The NZSE-40

index shed 30.23 to 1,564.12. Falls were seen across a wide front. Among the recently favoured forestry stocks,

ened 14 cents to NZ\$2.60. TAIWAN came in for late

profit-taking which left the market lower after sluggish trade. The weighted index. which opened slightly ahead, finished a net 25.62 down at 4,448.18 in thin turnover of T\$25.5bn.

Financials were strong in early trade after some banks reported good April profit figures, but investors soon sold to take quick profits.

AUSTRALIA edged slightly

lower after the release of worse than expected data showing a March current account deficit of A\$2.1bn, seasonally adjusted, after A\$861m in

February. The All Ordinaries index ended 0.2 off at 1.664.3 in light turnover of A\$240.9m. COLOMBO continued its downward trend, although ana-

Ranasinghe Premadasa on Saturday. The all-share index finished 3.16 easier at 532.60 in turnover that rose to Rp13.9m from Monday's Rp12.4m. KUALA LUMPUR saw big

the assassination of President

losses in several blue chip stocks help to drag the composite index down 11.29, or 1.6 per cent, to 706.08. A rumour about the health of Prime Minister Mahathir Mohamad depresse entiment.

Telekom fell 70 cents to M\$14.70, Genting shed 30 cents to M\$15.90 and Leader lost 40 cents to M\$18.60.

SINGAPORE fell broadly on continuous profit-taking in blue chips, but brokers welcomed the correction, saying it was much needed. The Straits Times industrial index slipped 14.26 to 1,776.64. Foreign shares of national carrier SIA closed

it-taking pressure after the highs seen following a major Russian supply deal, has recovered in the last two days. It rose 20 cents to \$\$6.35.

SEOUL closed slightly firmer in mixed trade after profittaking jostled with a mild rebound in blue chip manufacturers and some financial shares. The composite index put on 1.24 at 719.83.

News that South Korea's trade deficit in April eased to \$94m from a \$470m shortfall a year earlier boosted steel and semiconductor exporters.

JAKARTA was little changed after selective profit-taking in slow trade. The official index firmed 0.22 to 313.91 after Monday's slight decline.

Jakarta International Hotel moved forward Rp150 to Rp8,200 on news of a \$250m hotel project in a joint venture with Conrad Hotels, a subsidiary of Hilton Hotels.

Germany drifts lower ahead of strike call

MARKETS IN PERSPECTIVE						
	% change in local currency †				% change tierling †	% change in US S f
_	1 Week	4 Weeks	1 Year	Start of 1960	Start of 1993	Start of 1993
Austria	-1.84	-1.00	-17.33	-0.65	-2.16	+1.3
Belglum	-2.17	-4.54	+2.58	+9.47	+7.58	+11.4
Denmark	-0.12	+2.23	-10.68	+12.03	+11.07	+15.1
Finland	+7.37	+14.81	+50.39	+45.62	+34.93	+39,8
France	+0.81	-2.58	-3.18	+6.51	+6.09	+9.9
Germany	-2.13	-1.74	-7.42	+6.70	+5.01	+8.8
ireland	-0.21	+1.80	+5.49	+27.06	+15.77	+19.9
taly	-0.36	+13.29	+13.67	+23.95	+18.05	+22.3
Netherlands	-2.27	-2.29	+3.17	+8.38	+6.56	+10.4
Norway	+4.45	+4,58	-4.84	+15.48	+14.71	+18.8
Spain	-0.87	+2.74	-0.17	+14.61	+8.99	+12.9
Sweden	-0.35	+1.38	+14.83	+7.58	+0.23	+3.8
Switzerland	-1.16	-2.33	+12.76	+3.93	+2.48	+6.1
JK	-0.87	-1.40	+7.16	+0.32	+0.32	+3.9
EUROPE	-0.85	-0,82	+3.29	+5.25	+3.92	+7.6
Australia	-1.85	-1.21	-2.10	+6.94	+6.04	+9.8
Hong Kong	+1.94	+7.52	+23.30	+24.17	+19.99	+24.3
Japan	+5.74	+5.68	+24.30	+23.40	+33.64	+38.4
Malaysia	+3.24	+11.74	+37.10	+20.81	+18.76	+23.0
New Zealand	+0.13	+3.46	+8.30	+7.18	+9.19	+13.1
Singapore	+2.73	+6.27	+11.02	+12.33	+10.10	+14.1
Canada	+3.28	+5.12	+7.24	+10.48	+6.69	+10.5
USA	+0.71	-0.29	+6.28	+0.89	-2.64	+0.8
Mexico	-7.28	-7.91	-9.51	-9.39	-12.49	-9.3
South Africa	+4.67	+5.93	+7.36	+18.42	+21.39	+25.8
WORLD INDEX	+1.86	+1.66	+10.29	+8.88	+9.10	+13.0

By John Pitt

mong European markets last week there was little reaction to a further easing in interest rates. In fact, Germany drifted lower, with the prospect of a strike by members of IG Metall, the engineering union. which began this Monday, undermining sentiment.

However, another strong performance from Finland, counterbalancing an equally poor showing from Mexico, and a year's high in Tokyo, helped to lift the FT-Actuaries World index nearly 2 per cent. Signs of an economic downturn in continental Europe,

and particularly Germany. have been evident for some time, with analysts becoming increasingly bearish. Goldman Sachs, in its latest strategy document, commenting on Germany, expects the economy to deteriorate further in the second quarter. "We feel that the bulk of the market's

anticipated strength for 1993

ter and that the second and

137.50 142.10 148.53 127.86 214.23 97.34 161.81 113.21 275.51 162.90 67.12 145.49 1494.55 167.23 186.37 124.346 186.37 179.19 179.68

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the institute of Actuaries and the Faculty of Actuaries

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third quarters will be indiffer-

At Barclays de Zoete Wedd the view is echoed, while noting that 1994 may show a revival, "as provisions drop out, the lagged effect of easing shows through and the stronger dollar helps overseas earners . . . but this does not make 1994 immune from further downgrades, due to either cyclical problems or structural

overcapacity effects The situation in France is scarcely better, with Nikko Europe commenting: "There is every sign that GDP growth in the first quarter will be negative which, given a 0.6 per cent fall in the fourth quarter of 1992, indicates that the untry is entering recess

Mexico tumbled as doubts ersisted over whether or not the Nafta agreement, which would phase out most trade barriers between the US, Canada and Mexico from January 1994, would be approved by the US. This was followed by disappointing results from Telmex, the largest private company in Mexico, which prompted selling in New York.

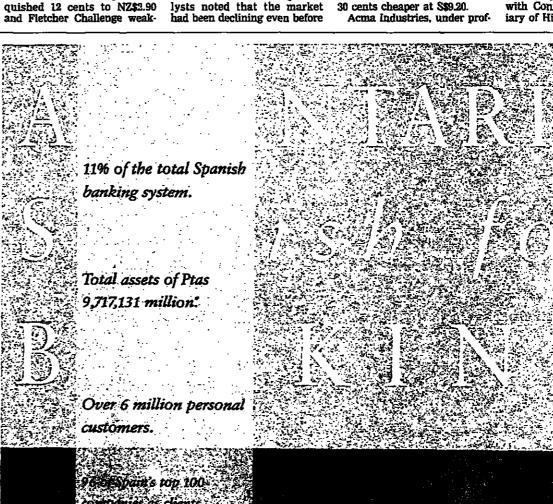
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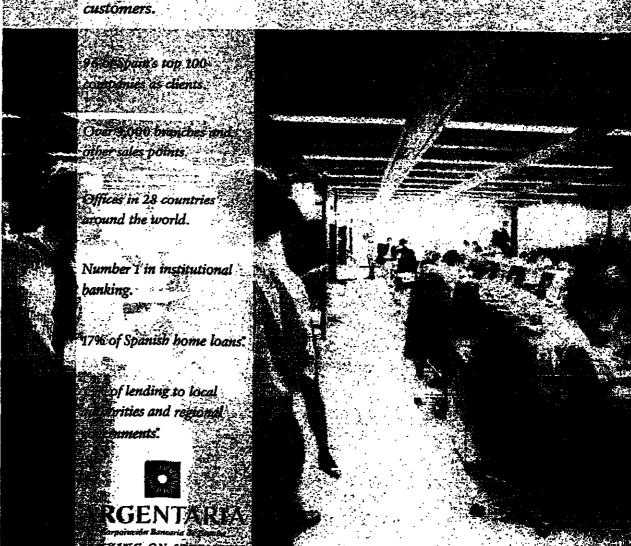
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